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Germany?  
Landesbanken  
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Kassen

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# FINANCIALTIMES

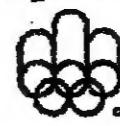
No. 26,951

Friday April 23 1976

\*10p

LONGINES

times the Olympic Games



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BUSINESS  
Equities  
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son  
lose 14.4  
as gilts  
fall 1.78

**EQUITIES.** After drifting lower, were marked down by jobbers. The FT 30-share index, down 6.8 at 3 p.m., ended 14.4 lower at 495.2.

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rd's anti-terrorist seized IRA arms, a ammunition and equipment from an Irish nurse in south London. The left her boyfriend, Swords, who was Yard following the explosives in a age last week. The believed to be in all attack. Page 11

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has been trans- King Edward VII London after World accident. Her would be able when the pain

strikes

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Rhodesian Prime oriented his Parlia- on place for to be announced

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to two or three

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injured

was critical and usy ill last night decker bus carry- councillors from its twin town of ed into a railway top of the bus was

Page 11

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ship of the GLC shamed with the stage of the Fleet road, considered redevelopment of raising the money

Page 13

COMPANIES

VICKERS pre-tax profits improved by £8.3m. to £24.25m. in 1975 and Lord Roberts, the chairman, says prospects for this year are good. Page 26

CADBURY SCHWEPPES taxable profits increased by 36 per cent last year to £38.6m. with sales up 20 per cent at £667.5m. Final dividend of 18p is the maximum permitted after the rights issue. Page 25 and Lex

AEG-TELEFUNKEN, West Germany's second largest electrical concern and employer, made a loss in 1975 of DM106.5m. (£22.5m.) compared with a DM65.4m. loss in the previous year. Page 29

INTERPUBLIC GROUP of the U.S. the world's largest advertising agency, is making an application for a share quotation on the London Stock Exchange. Page 28

GE CHANGES YESTERDAY

Courtaulds	151 - 5
EMI	246 - 8
Farnell Electronic	93 - 11
Fisons	351
GEC	160 - 7
GHP	111 - 9
Grand Metropolitan	71 - 5
GUS "A"	205
Hawker Siddeley	442 - 12
ICI	395 - 9
Land Secs.	106 - 7
Lorbar	92 - 5
Lucas Inds.	212 - 18
MEPC	180 - 30
Marks and Spencer	81 - 4
McDonalds	260 - 8
National Westminster	243 - 15
Pilkington	233 - 10
Plessey	78 - 5
Road Int'l.	274 - 8
Tate and Lyle	283 - 7
Trafalgar House	89 - 7
Tube Inv.	372 - 12

Bank acts after new low of \$1.8070 • Chancellor's assurance on inflation policy

## Sharp fall in £ forces up MLR

BY ANTHONY HARRIS

THE BANK of England yesterday moved to arrest a further decline in sterling—when rises were scattered, and small at one point touched a new low against the dollar of \$1.8070—by forcing a rise in domestic interest rates. The discount houses were made to borrow substantially from the Bank for one week at the present Minimum Lending Rate of 9 per cent. This move is expected to raise MLR by a full percentage point at the Treasury Bill tender later today, and possibly by more.

Officials made it clear that the move was made "purely for external reasons," and it is hoped that it will be temporary. It produced an immediate recovery of 50 points in sterling which advanced further to close at \$1.8280, but threw London stock markets into confusion, with heavy falls in gilts and equities.

Falls in gilts ranged from 2% at the long end to an exceptional 3% for the short "tap" issue. Treasury Bill 91 per cent. 1981, the FT Government Securities index fell 1.78 to 61.46, its sharpest fall for 17 months. The equity index dropped 14.4 points, wiping out much of the previous five-day rise which had carried the index 29-month high on Wednesday.

In the commodity markets, the

move was designed to meet in London interest rates which have made no difference," one

market source observed. "Foreign

holders sell in the for-

ward market rather than determine-

ment. While both the authorities and

the dealers have been resolute in this adding perhaps two full

points to MLR, would be required to carry psychological conviction.

This would be required not only to make sterling technically attractive but to allow a continuing

suspicion that the Government

is keeping domestic interest rates falling gently but to protecting the exchange rate. A rise of one

percentage point might well leave bank base rates and lend-

ing rates unchanged. Since these

have not yet fully adjusted to

newly marked rates, clearing

banks indicated yesterday.

The widespread uncertainty in

the markets had made foreign businesses reluctant to hold sterl-

Continued on Back Page

The falling pound Page 8

Editorial comment, Page 22

Hesley hopeful of wage deal, Back Page

### HOW THE POUND'S VALUE HAS FALLEN

	Nov. 17 1967 (pre- devaluation) against	June 27 1972 (£ devaluated) against	% change since Nov. '67	% change since June '72
U.S. \$	2.7825	2.50	-34.30	-26.88
Belgian Fr.	138.021	109.25	-21.25	-34.78
Dutch Fl.	9.98	7.97	-20.88	-37.98
French Fr.	13.62871	12.53	-8.33	-31.92
German DM	11.0281	7.89	-4.64	-41.19
Italian L.	1.719	1.461	-1.619	+10.85
Japanese Yn.	1.0061	.745	-547	-45.60
Swiss Fr.	12.00	9.32	-4.62	-26.51

The events in the exchange market, whose violence took bankers by surprise, seem to have been due to three factors: some portfolio switching by OPEC holders in a thin market was added to existing worries about anti-inflation policy; and the authorities' whose decision to raise interest rates was clearly taken early in the day, made little attempt to halt the fall in sterling arrested the price decline seen on Wednesday, but rises were scattered, and small by the standard of previous sterling falls.

The Government regards the market's worries about the anti-inflation negotiations with the TUC as being based on a mis-understanding, and the Chancellor took pains to stress, in a speech to a meeting of EEC trade union officials, that the Government and the unions

firmly expect to reach an agreement which will be designed to reduce the inflation rate further.

The disagreement which has so alarmed foreign holders of sterling is over precise numbers, not the principle that the Chancellor proposed, officials stressed.

However, the interest rate

"A couple of weeks ago a rise

foreign holders sell in the forward abroad as showing panic rather than determination.

While both the authorities and the dealers have been resolute in this adding perhaps two full points to MLR, would be required to carry psychological conviction.

This would be required not only to make sterling technically attractive but to allow a continuing

suspicion that the Government gives a higher priority to keeping domestic interest rates falling gently but to protecting the exchange rate. A rise of one

percentage point might well leave bank base rates and lending rates unchanged. Since these

have not yet fully adjusted to new interest rates, clearing banks indicated yesterday.

The widespread uncertainty in the markets had made foreign businesses reluctant to hold sterl-

Continued on Back Page

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Slower rate of increase in U.K. unemployment

BY OUR ECONOMICS STAFF

UNEMPLOYMENT rose by 7,200 in the monthally adjusted basis in March. This slightly more than cancelled out the fall in the previous month, and means that the level has been virtually unchanged, with about 0.1 per cent. since February.

The latest figures, while they come as a slight disappointment after the March improvement, appear in evidence that the rapid rise which persisted until January is largely over. The three-monthly average rise in unemployment, an indicator less liable to random fluctuations, has fallen from 40,000 monthly in January to 28,000 this month.

The Department of Employment, which issued a warning that the March improvement might be erratic, regards the latest figures as confirming the trend.

The number of unemployed in the U.K., excluding school-leavers, and seasonally adjusted, was 1,233,800, or 5.3 per cent. of all employees. The total number registered as out of work was 1,281,117.

It is clear that the improved trend, which has appeared earlier in the trade cycle than expected, is only partly due to an improvement in the demand for labour. The figures for unfilled vacancies registered with employment exchanges have risen every month this year, but the April rise, of only 2,000, on a seasonally adjusted basis, is again a fallback from March, and suggests only a slow improvement in the demand for jobs.

The level of vacancies is normally considered a more reliable indicator of labour market conditions than the unemployment figures, and its slow improvement is consistent with the relatively sluggish figures for output.

The other major factor is the Government's programme of job protection and job creation. It now appears that this may have been responsible for nearly half the rise by 10,600 to 119,726, more

than the seasonal norm; and there was a rise of 2,417 in vacancies for young people notified to careers officers.

There was a fall of some 4,800 in the number of workers employed but temporarily stopped reflecting moves towards settling disputes in the motor industry; the total on short time, including those temporarily stopped, is estimated to have fallen by 10,100 in March to a current level of 24,000, and much more sharply down from 187,000 in February.

These figures also confirm a picture of a steady but undramatic improvement in the shop-floor situation.

Just under 180,000 students were on unemployment benefit during the vacation in April. These are no longer included in the general unemployment figure.

The regional figures show that Scotland suffered the worst setback in April, with a rise of 4,000 in unemployment; the situation there has been affected by a slowdown in North Sea oil operations and the Chrysler redundancies. This was more than half the rise for the whole of the U.K., and the figures attracted unfavourable comment at the Scottish TUC meeting at Perth.

These schemes may grow in importance in the coming months. The temporary Employment Subsidy was extended in April and raised to 220 a week in the Budget, and the Department of Employment reported a sharp rise in inquiries from employers. With improving business confidence there is also a growing interest in the training programmes.

The unadjusted figures for unemployment and vacancies show a fall of 3,084 in unemployment for the U.K. compared with a normal March-April drop of about 10,000. Notified vacancies

rose by 10,600 to 119,726, more

than the monthly average.

The EEC rate Page 6

The regional pattern, Page 11

Vorster denies embargo on arms for Rhodesia

BY STEWART DALBY

MR. JOHN VORSTER, the South African Prime Minister, to-day denied reports that the Republic has halted military aid to neighbouring Rhodesia.

Speaking in Parliament in Cape Town, Mr. Vorster said in his first major foreign policy statement for some time, that he would not reveal what military aid South Africa had given to Rhodesia in the past or what it intended to provide the white minority Rhodesian Government.

Mr. Vorster was commenting on reports that South Africa had decided last month to cut off all military aid to Rhodesia and that this decision had been conveyed to Mr. Smith's Government.



Hall

**O** by MAX LOPPERT

ally of spring indings, often chopping them with breaths (a surprise indeed from this singer), coldness releasing him; with Edward the memories with tenderness or grave late replace- at Giulini's London. There was one superb moment.

Orchestra concert in the first song, the rising sixth me. One imagines, on "Nacht," to relieve the over of rough edges blackly dramatic mood; but the D minor Symphony performance was, as a whole, more impressive than moving—

Mr. Downes' ability to slow—phrases and dynamics.

Mr. Downes' last thing one expects to write about Dame Janet.

There was eloquent oboe playing here, and fine full-mettled ensemble from the horns in the Freischütz Overture, the most particularly in the poetically imagined performance of the concert, with a real sense of atmosphere for Weber's Wolf-ensue, and elsewhere Glen spine-chills, and a broad enough and true spanning of the big heart-lifting force, if not much of grace. Mr. Downes has, of course, opera-house experience to draw on. Would that he could bring in the stereo of the music, here gratefully drawn on. Would that he could be Weber really to be Mahler's mourning permanently exiled to the corner of the op mark-sett hall?

view

**Love in paperback**

Grove's compendiousness that there should be four other Stockhausen listed, only one of them the great baritone Julius, friend, and favourite interpreter of Brahms—at all famous.

Exploring overgrown byways of musical history is a vice readily encouraged by the dictionary. Since one can always pretend that the information gleaned will come in useful (which is true, more often than not); it is a marvellous way of putting off things one ought to be getting down to.

Of much greater importance than the byways are the big, solid articles, some of them almost as long as short books. I use Grove for checking or digging out dates or facts about twice a day, but am painfully aware how much of this is still to read in those long pieces usually merely skimmed for a detail or two, major essays which won't lose their value even if they are condensed or replaced in the new edition—real Grove fancies will direct you to particular entries in earlier editions (Fuller-Maitland, or the two by Calles) with the zeal of connoisseurs. The cover design for the paperback set is vile, but inside there is the familiar, friendly, spacious, double-column setting with decent margins and clear titles. The process used doesn't make the type quite sharp as before, but the paper is whiter. Colour illustrations have gone (no great loss), and the black-and-white plates are a trifle muzzy. But who goes to Grove Five will offer a grudge in the super-volume—the four under "S" in Grove primarily for the pictures? h. It is typical of RONALD CRICHTON

**This year's Proms**

season of the Henry Grinde Concert will be Albert Hall on 16, with Beethoven's nine under Kempe, concert conducted by Groves, is on Saturday 11.

r seats and prom- places for the first performances will be allocated. Ballot No. 1 night seats. Ballot first night standing, for last night seats, to 4 for last night. Written applications for separately for each were concluded only this week.

**Warren Beatty film on Howard Hughes**

Warren Beatty is to produce and star in a film based on the life of Howard Hughes. Negotiations between Beatty and Warner Brothers have been going on over the past six months but accompanied by an



Kao Hsiang-ting, Fu Pi-hui and Oei Wei in "Execution in Autumn"

**Cinema****Full of Eastern promise**

by NIGEL ANDREWS

**Execution in Autumn and Blood Reincarnation****Electric Cinema****The Antichrist (X)****Odeon Haymarket****The Homecoming (AA)****Curzon****Book reviews appear on**

Page 20

he would be treated with the ruthlessly young man convicted of murder, who while waiting for

mirthful condescension that of murderers who while waiting for

his execution is allowed to carry a girl and father a child by her

in order that his family's line

will not die. The long time

span of the film (the stay of

sentence is due to an imperial

decree that executions can only

take place in autumn) makes the

hero's transformation from spoilt

brat to suffering husband and

father wholly believable, and

renders the film a slow, seasonal

rhythm that is quite unlike any

other Hong Kong film I have

seen. The characterisation cuts

surprisingly deep (notably the

Codicilanus-Volumnia's relation-

ship between the hero and his

whoreship, strong-willed mother)

and the studio exteriors give the

film a haunting, claustrophobic

air perfectly suited to a tale of

prison life.

Blood Reincarnation is not

quite in the same league.

The three episodes of this port-

mantau horror film are as

unequal in quality as they are

in length (the first lasts ten

minutes, the third 70). But the

decidedly none of the awards of

the festival's fortnight. It

showed that there is far more to

Hong Kong cinema than the foot-

swinging exploits of Bruce Lee

and company (though those are

oddly negligible); and that in

the industry with its truly prolific output there is always the prob-

ability that one or two directors

will emerge with a gift for turn-

ing dross to gold, and for slip-

ping hand-crafted products of

real value onto the ever-moving,

ever-expanding production line.

As an appetiser to King Hu's

film, the Electric Cinema is

opening two Hong Kong movies

that have been read, learned and

inwardly digested by Hollywood.

To-day, if an American director

were to shoot most (or any) of

AD's

A tale of love and regenera-

tion, it has as its hero a

man who has lost his wife

and his son, and who has

been reduced to a single

room in a squalid tenement.

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## WORLD TRADE NEWS

**British wool textile exports show 14% rise**

By RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN'S wool textile industry is now showing signs of climbing out of the recession with export earnings in the first two months of this year some 14 per cent up on the same period last year.

Figures published by the industry yesterday indicate that the improvement is beginning with the first stages in the process over the past year. In February Japan took only 123,000 square metres of U.K. worsted cloth compared with 475,000 square metres in 1975. Worsteds up in value and volume.

Exports to the Middle East fell from 592,000 square metres in February last year to 356,000 square metres and sales to Australia and New Zealand were also down from 153,000 square metres to 62,000 square metres.

Sales in Europe have fallen much less severely with exports of woollens at 1.5m. square metres down from 1.6m. square metres in February last year. Sales of worsteds down from 880,000 square metres to 824,000 square metres. Exports to the United States of woollens and worsteds were both up in February compared with the same month last year, reflecting the improvement in textiles demand in the U.S.

The wool textile industry remains critical which it claims from active cloth sales market. Mr. F. executive of A of the big York Textile Expo Bradford claim the U.S. are meet demand woolen and v suppliers, not mount a due per pound of valorem to en also recently for a reduction South America warning was Zealand's Pr Robert Mud visit to Br restrictions country's wo U.K. wool U.K. sales to declined fr metres of c 700,000 kilos imposition of 20 years as square metre kilos of yarn

**Izmir agreement signed**

By Meir Muir

ANKARA, April 21.

TURKEY, Iran and Pakistan this evening completed their summit here with an ambitious declaration to "increase" their co-operation in all fields." This includes the setting up of a free trade area between them through gradual reduction of tariffs within ten years.

The declaration said that the Shah of Iran, President Kurtuk of Turkey, and Prime Minister Bhutto of Pakistan have decided to re-define and place on a legal basis the regional co-operation for development (RCD). RCD was established 12 years ago but has been very unimpressive as an economic alliance.

To redress this situation the three leaders have taken a number of decisions which observers consider to be unrealistically ambitious in view of the under-developed economies of the three member states.

No doubt, the most dramatic decision was the decision to sign an agreement, to be called the Izmir Treaty, which would "embody the RCD's aims, modes of operation and organisational structures in the light of the new regional requirements." Appropriate measures would be taken towards the establishment of an RCD free trade area through gradual elimination of tariffs under a protocol on trade within ten years. An RCD investment bank will be established, the protocol said, "initiating, promoting and financing projects of a regional character."

Other points of agreement in the protocol were: establishing close contacts among planning and financial authorities; taking immediate measures to promote industrial co-operation and establish viable projects on a regional basis; encouraging banks to extend greater credit facilities to the exporters of their countries for exports to the other member countries; improvement of telecommunications; giving priority to the construction and improvement of RCD highway and railway links linking the three countries; forming an RCD supply company; and reconstructing the RCD secretariat to cope with the proposed expansion and intensification of its activities.

**Increase in pottery exports**

By Our Own Correspondent

THE POTTERY industry, which last year just failed to reach £100m. worth of exports, looks like exceeding this by an appreciable margin in 1976.

In the first two months, exports of tableware, ornaments, tiles, sanitaryware, electro-ceramics were nearly £1m. up on the corresponding period of last year.

The biggest improvement was registered by electro-ceramics makers, who doubled shipments to more than £1.5m., helping to offset declines in exports of sanitaryware and non-refractory glazed tiles.

The tableware sector achieved £4.4m. worth of chinaware sales overseas, an increase of more than £750,000, while earthenware sales were practically unchanged at just over £2m.

• The British Ceramic Manufacturers' Federation, through its President, Mr. Peter Williams, has strongly criticised many aspects of the Select Committee report on the purchase of German chinaware tableware for the Commonwealth refreshment department.

Mr. Williams called the report "unsatisfactory and omitting important factors."

**Polish-Soviet trade up**

By Paul Lendvai

VIENNA, April 22.

SOVIET FUEL and raw material deliveries help to protect Poland from world recession and inflation and economic results fully confirm the advantages of specialisation and co-operation between the branches of Polish and Soviet industries. This is claimed by Polish Vice-Premier Kazimierz Olszewski in an article published in the latest issue of Droga, the theoretical monthly.

The development of economic integration is reflected in the rising share of machines, equipment and complete industrial plants in bilateral trade. Their share rose from 53.6 per cent in 1971-75 to 61 per cent of the five year plan, while the comparative figures for Soviet shipments to Poland also show a rise from 36 per cent to 51 per cent during the same period.

Mr. Olszewski reveals that during the 1971-75 period Polish-Soviet trade at constant prices reached roughly 16bn., a 25 per cent rise over the provisions of the trade agreement and an 80 per cent increase on turnover during the previous five year period.

**Brazil shoe Euro**

By David V

RIO DE JANEIRO BRAZILIA to make a Britain ar following by the market-to dacers-in competitive

Shoemak Brazil, wh sent four to the to their U.S. few years, major EU tries. But already, in

However against for a shoe have relief by the Government's so cal issue. Brazilian expect to the U.S. th around \$20

tariffs or a shoe have relief by the Government's so cal issue. Brazilian expect to the U.S. th around \$20

U.K. car sales to the booming UAE market have been disappointing. Kathleen Bishtawi reports from Dubai on some aspects of this failing market.

**Dreams turn to reality**

THE CAR BUSINESS in the United Arab Emirates is a dealer's dream. The booming UAE has produced a seemingly unquenchable thirst for sophisticated consumer goods, and nowhere is it more apparent than in the demand for cars and trucks. UAE nationals and residents are buying anything from small family saloons, pick-ups, trailers and jeeps to 12-ton trucks.

What then are the chances for British Leyland of creaming its share for British industry now that it has been taken off the Arab boycott list? As one dealer in Dubai put it, they have been absent too long, and during their six-year boycott, the Japanese have been cashing in like mad. In Dubai, 50 per cent of all the cars sold are Datsun, and with Mazda, Toyota, Honda and so on, the Japanese now claim 70 per cent of car sales in the Emirates. In Abu Dhabi it is virtually the same picture, though the Arabs' traditional love affair with Mercedes still continues amongst the citizens of the richest Emirate in the UAE.

In the Datsun and Mazda showrooms, customers queue (literally) to buy brand new cars. The Datsun general manager, Mr. Kenneth Dowling, commented, "It's like a pantomime this business. In 1969, we sold 240 cars, last year it was 5,500, and this year it is expected to be more than 7,000—that's more than 50 a day. Our only problem is the actual selling—we can't get the customers to stay in the showroom long enough to pick up the receipt. They come in and show their money down, and want to drive away with a new car immediately. Some of them don't even do that—they just phone and order a car and then send their servant to pick it up."

**Hire purchase**

Such dream sales are made to the rich Arab merchants of the Emirates, but the cars that are selling like hot cakes are small family saloons. More than half of the cars sold in Dubai are hire purchase, mainly through the Middle East Finance Company, a

subsidiary of the British Bank of the Middle East. This credit facility has created a tremendous demand from the growing middle class, from the foreign Arab employees working in Government departments and local businesses.

The secret of the Japanese success, and indeed a golden rule for all car sales in the Gulf, is that manufacturers keep their dealers well stocked with spare parts. Heat and humidity and reckless driving necessitate a good maintenance set up, and Datsun keep a permanent spare parts stock worth more than £1m. Daimler-Benz, the Japanese, have been cashing in like mad. In Dubai, 50 per cent of all the cars sold are Datsun, and with Mazda, Toyota, Honda and so on, the Japanese now claim 70 per cent of car sales in the Emirates. In Abu Dhabi it is virtually the same picture, though the Arabs' traditional love affair with Mercedes still continues amongst the citizens of the richest Emirate in the UAE.

Round at the agent for Land Rovers and Rolls-Royce, the picture was gloomily different. (British Leyland Land Rovers have been imported under a special arrangement throughout the whole boycott.) The boycott laws state that if a blacklisted product is required for a national interest, then it can be imported.

Looking at an empty showroom, the agent said he had been waiting for supplies for two months now. A solitary demonstration Rolls-Royce stood in the vacant display window. The Arab's liking for the sturdy Land Rover and Range Rover was being eroded by the Japanese. "If someone came in now and asked me for a Range Rover, I would have to tell him to wait for two months. It's just as likely that he won't want to wait, and will go around the corner to Toyota where he can get a similar thing with air conditioning for less money."

Few of the British Leyland Land Rovers coming to the Gulf are equipped with air conditioning. The agent has to install American made AC units to each new vehicle. This increases the price by Daimlers £3,000 (£4,000) to Daimlers £5,000 (£8,000). Toyota are selling a

This announcement appears as a matter of record only.



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LA VICTORIA**

**US \$18,960,000**

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**BOWATER'75**

"...strength... through world-wide spread of operations..."

Lord Ennals of Hale

The strength of Bowaters through its world-wide spread of operations, assets and management expertise, which I emphasised last year, stood us in good stead in the difficult conditions of 1975. Profits from our activities in North America were more than maintained while the recession in trade in many countries resulted overall in lower profits. Moreover, the prevailing strength of the United States dollar relative to the pound gave the North American earnings added value when converted into sterling.

**Liquidity and Borrowings** Husbanding of liquid resources remains a priority task, even over profit growth. I am pleased to report that after meeting some £40 million of capital expenditure in 1975 this did not result in a material increase in our dependence on outside finance, and in further steps of rapid inflation. During 1975 we took the necessary step of raising some £22 million by way of a rights issue to help to fund our investment programme in the United Kingdom and our projected working capital needs, to reduce indebtedness and to increase the equity base of the Organisation as a whole.

**Our Strategy** In the changing world of 1975 we reappraised our objectives and initiated moves to implement the decisions we then made. We are concentrating our business over the five years ahead on those areas below which we can be in manufacturing industries based upon the conversion of forest products, international trading and in transportation, together with such other activities which, both managerially and geographically, fit in with this pattern. It is in these interests that we shall seek to expand in the medium and longer term.

**United Kingdom Industrial** After the improvement in profitability in the previous year, our paper company and its country interests from the general economic downturn and our substantial expansion of plant and capacity. Although the company retained its market share, it was not possible to adjust selling prices to recover fully the cost increases which were sustained.

The de-stocking on the part of our packaging customers continued to affect our Packaging group, although there were clear indications that this process was completed during the last quarter of the year. However, record sales and profits were achieved by the Furniture group, which experienced buoyant market conditions in 1975. Our order books were full and have continued to be so in the opening months of the current year.

The depressed conditions in the building industry continued throughout 1975 and our Building Products group again operated at an overall loss. Although the recent governmental control of local authority spending militates against an early improvement the steps which we have taken to rationalise our production have prepared us to take advantage of greater activity in private enterprise housebuilding which surely must soon occur.

**International Trading** It was another mixed year for commodity trading. Extremely dull conditions in the metals, rubber and hard fibres markets made it difficult to generate sufficient business to cover related operating expenses.

However, there was another excellent year of trading in raw cotton.

Many of the Bowater manufacturing companies increasingly have been looking towards new markets overseas for their products. It was therefore decided to make fuller use of the skills and contacts of our international trading organisation to develop exports on a wider scale. The first step has been the formation of Bowater Arabia Limited to develop Bowater sales throughout the Arab Middle East.

**North America** Once again, by far the greater part of our total earnings for the year was derived from North America, where our largest pulp and paper operations are concentrated. In terms of sterling, our total pre-tax profit in that continent was some 28 per cent above that for 1974 and the proportion which these earnings represent of the total for the whole Organisation is markedly up.

**Europe** In 1975 we had to face difficult structural and operating problems throughout Europe. Major proposals were formulated in 1975 for dealing with this situation and following completion of these steps, I believe that your Corporation will be in a position to develop its continental European interests on a logical basis.

Australia, New Zealand and Far East In Australia, the Essar group of companies, in which we have a 45 per cent interest, returned to profitable trading in the second six months and also improved its liquidity. The total cost of central borrowings continued to offset the individually good results of the operating companies in the Far East.

**Partnership Interests** Bowater-Scott Corporation Limited, United Kingdom, despite substantially increased output and turnover recorded lower profit than in 1974, although there was an improvement in the latter part of the year. Bowater-Scott Australia Limited had an exceptionally good year, despite difficult trading conditions, and achieved increased sales and earnings.

**The Future** The year 1976, in particular the early months, will still pose problems for us but there are now real indications of improving economic conditions in most areas of the world. These conditions can be expected to result in an increasing demand for our products and the opportunity to improve operating margins.

Newsprint consumption in the United States is forecast to be some five per cent higher than for 1975. There are now also indications of improving demand for some of our paper and packaging products in the United Kingdom, our furniture businesses continue to experience a period of sustained demand and the outlook for our community and other trading activities is encouraging.

Erroll of Hale, Chairman

2nd April 1976

SALES	1975 £m.	1974 £m.
PROFIT BEFORE TAX		
Paper and pulp	47.4	53.3
Packaging	5.2	7.3
Building products, lumber, furniture, carpets	(3.1)	(1.4)
Tissue products	6.1	6.5
International trading and transportation	2.1	3.7
Retailing and wholesaling	1.2	0.4
Financial	(6.9)	(6.8)
Less unallocated interest and central costs	58.0	63.0
51.7	55.9	
Share of profit of associated companies	1.2	3.6
PROFIT BEFORE TAXATION	52.9	59.5
PROFIT BEFORE EXTRAORDINARY ITEMS*	17.7	22.5
Earnings per ordinary share*	15.3p	21.0p

\*Profit before extraordinary items and earnings per share have been calculated before charging uncovered corporation tax of £2.5m. (£0 per share).

The Annual Report has already been posted to shareholders. Copies are available from The Secretary.

**The Bowater Corporation Limited**  
Bowater House, Knightsbridge, London SW1X 7LR

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Financial Times Friday April 23 1976

## AMERICAN NEWS

## 'President's plastic prose'

OWN CORRESPONDENT

KISSINGER has the election and foreign policy perfectly clear for his replies had been unexpected until the question was posed as to whether there was a conflict between himself and the President. His answer was that he thinks the question was raised by Ronald Reagan, his sharpest critic. Mr. Ford's recent campaign statement to-day, he came to the proper divergence of opinion between himself and the President over the normalization of relations with Cuba in the light of the Teutonic tradition, you cannot tell what a sentence of mine means until I place the verb at the end of it."

Dr. Kissinger answered: "The President has a more plastic way of expressing himself than I do, or maybe I have a more complicated way." He added, of course, that Cuba had been misbehaving at the end of it."

## Kissinger cautious about results of African tour

MARTIN, U.S. EDITOR

KISSINGER, the will not be a measure by which the results from his African tour, Dr. Kissinger reaffirmed his support for the principle of majority rule and British efforts to bring about a constitutional solution to the Rhodesian impasse. He also injected his first visit of State, with "an and with the intention of discussions with the integrated African problems should be solved by the African nations themselves.

He admitted that the U.S. had confirmed their role in Africa by sending their troops over Angola. He said that he understood that there were 16,000 Cubans now on the continent, 13,000 of them still in Angola. Independent sources have disclosed the presence of some Cuban technicians in Mozambique and Dr. Kissinger today said that there had been some "rotation" of Cuban personnel, with technicians replacing combat troops. Joshua Nkomo, he also promised to renew his administration efforts on his return to get Congress to repeal the Byrd amendment which

WASHINGTON, April 22

itself, in Angola, towards Puerto Rican nationalism and so on, but the assembled press had seen something.

What did Dr. Kissinger mean? Was he not aware that plastic melted in heat? "I am not aware that plastic melts in heat," he replied, and then neatly dissolved his audience into laughter. "I think the President's use of adjectives is more graphic than mine because, being from the Teutonic tradition, you cannot tell what a sentence of mine means until I place the verb at the end of it."

Dr. Kissinger answered: "The

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WASHINGTON, April 22

permits the U.S. to buy Rhodesian chrome in spite of the continued existence of sanctions. Government here accepts that such a repudiation would be one of the best demonstrations of the American willingness to pursue impartial policies in Africa.

The only major policy statement made by Dr. Kissinger is scheduled to make will be that to the UNCTAD conference in Nairobi early next month. That, however, will probably concentrate on the more general problems of the Third World rather than on Africa per se.

Editorial comment, Page 22

## Explosion in Boston injures 17

BOSTON, April 22

A POWERFUL bomb exploded inside the Boston municipal court building to-day, injuring 17 people and causing extensive damage. Police Commissioner Robert DeGrazia said that a warning that a bomb would go off in the building was telephoned to the court's switchboard this morning but the device went off before police bomb experts arrived.

Police were searching for a young man who witnesses said left a package in a second-floor corridor and fled. The blast centred on the second floor.

The police commissioner said that the anonymous telephone warning was made by a woman who said that a bomb would go off somewhere in the building in 20 minutes.

Mr. DeGrazia declined to give any further details about the warning. But a court official who was told of the warning by the switchboard operator said that the caller had mentioned a case involving a man accused of several murders. He would not elaborate.

According to two hospitals where victims were treated, only one was serious. Most suffered cuts and bruises from flying glass and other debris, they said.

Investigators were tentatively ruling out the possibility that the bombing was racially motivated, although the city has been the scene of numerous racial disorders over the past two years.

Reuter

## CUBA AND JAMAICA

## Hands across the sea

BY CANUTE JAMES, KINGSTON CORRESPONDENT

THE IMPENDING visit of Dr. Fidel Castro will inevitably have a lasting effect on political relations between both North American and Latin American countries, and which itself was American tourists. These are to establish during Mr. Manley's start next winter.

Cuba is likely to find Jamaica a good market for several items which this island now imports from sources outside the region. However, trading links between both countries have developed surprisingly slowly given the importance placed by both on bilateral ties. Two years ago, Cubans identified Jamaica as a source of construction equipment and material, but then said the price was too high. Jamaica has sold Cuba small quantities of beer, welding rods, sulphuric acid, and aluminium extrusions, while purchasing from Cuba condensed milk which is sold in special cheap food shops.

The accompanying verbal political battle here has overshadowed many of the potentially positive aspects of the commercial and technical exchange. The government from time to time has had to fend off attacks that Cubans were being allowed to "infiltrate" the country. In response to one such attack, the External Affairs Minister Senator Dudley Thompson, said there were no more than 80 Cubans in Jamaica, excluding the diplomatic staff.

For its part, Cuba is getting an opportunity to relieve its chronic port congestion problems by using a transhipment port in Jamaica. Cuba is also to receive technical help with developing the tourist trade and training people for it. The Cubans are building and repairing about 50 hotels all over the island. That obviously will mean more competition for the Jamaican industry, which has not been at its healthiest recently, but the Jamaican and Cuban planners are jointly working out agreements to build the school.

In international affairs, Jamaica and Cuba have supported each other in several situations, the latest being Mr.



Dr. Fidel Castro (above) and

Mr. Michael Manley



Manley's statement that his government was firmly behind Cuban help for the MPLA forces in Angola.

The debate about Cuba here may or may not have an effect on the Jamaican electorate which must go to the polls within 10 months. What it has done has been to bring basic philosophical differences between both the PNP and the JLP into a sharper perspective.

There has yet been no indication that despite its tirades the JLP, if it wins the elections, will want to dissociate itself completely from Cuba, and from the agreements worked out between the Manley and Castro administrations. What is clear is that Mr. Manley has no intention of slowing the pace at which links are developing between the two countries.

# How to give your finance controller a new lease of life



We know (so, probably, do you) finance controllers who have grown old before their time. Old in the attempt to find money to replace plant, machinery, equipment or vehicles which ought to have been pensioned off years ago.

But there is an alternative to purchase and ownership. It's called leasing, and it's one of a great many services available from the companies that make up Midland Bank Group.

Leasing can be much more advantageous than purchase—and rentals may reflect the benefits of all available tax allowances.

Knowing your rental commitments in advance means that you can plan with accuracy. Yet leasing is also flexible, allowing you to change or up-date equipment at any time to meet changing circumstances.

Most important, by leasing instead of buying, you

conserve precious capital for other important company uses.

But leasing is just one of the many financial services that Midland Bank Group offers you to help make business more profitable.

Your local Midland Bank branch manager can also arrange term loan facilities, instalment finance, factoring and a number of export and international services, including export finance in sterling and other currencies and the discounting of bills. He can arrange, too, merchant banking facilities which include the raising of long-term and share capital, and finance for growing companies.

A whole range of services, in fact, and all available in the simple way you're used to—through your local bank. Call in soon at any of 3,000 Midland Bank Group branches and talk to the manager. He can quickly put you in touch with the appropriate Group companies.

## Finance for business



# Midland Bank Group

Principal trading companies include: Midland Bank Limited; Clydesdale Bank Limited; Clydesdale Bank Finance Corporation Limited; Northern Bank Limited; Midland Bank Trust Company Limited; Forward Trust Limited; Midland Montagu Leasing Limited; Griffin Factors Limited; Midland Bank Insurance Services Limited; The Thomas Cook Group Limited; Samuel Montagu & Co. Limited (Incorporating Drayton); Drayton Montagu Portfolio Management Limited; Northern Bank Finance Corporation Limited; Midland Montagu Industrial Finance Limited; Bland Payne Holdings Limited; London American Finance Corporation Limited.

## Inflation soars

O'SHAUGHNESSY

THE living index of staple food items similar to 135 per cent. in the restrictions on staples has heightened fear imposed under the Allende Government. The junta's economic strategies have been greatly assisted by the authorities in the announcement that the U.S. will be selling Chile additional quantities of wheat at reduced prices. A month ago had topped just over 7 per cent. with Washington this month the value of sales of reduced price wheat to Chile will be increased by the introduction of from \$45.7m. to \$49.1m. in the 12 months to the end of June 1976.

## Inflation bar upheld

D WHITE

RIO DE JANEIRO, April 22

Those who have had powers since 1968, is decreed for all rights suspended a set period of 10 years. The tribunal decided, however, that this conflicted with the law governing the country's two legal political parties, the National Renewal Alliance (Arena) and the Brazilian Democratic Movement (MDB), which precludes anyone who has previously been banned under one of the Institutional Act's permanent

## EUROPEAN NEWS

# Giscard shrugs off critics —'no change in policies'

BY ROBERT MAUTHNER

UNDETERRED BY the mounting wave of public criticism of his policies and style of government, President Giscard d'Estaing today emphasised that he had no intention of modifying the liberal reform programme on which he was elected two years ago.

M. Giscard was his old relaxed and smiling self as he replied to questions from some 250 journalists at a Press conference at the Elysee Palace devoted entirely to domestic issues, in contrast to his recent TV broadcast during which he adopted an uncharacteristic sombre pose.

Opinion polls, such as the one published by the Paris paper "Le Figaro" to-day, showing that public confidence in the President's ability to deal with a serious crisis had dropped another two points to 48 per cent, were treated by M. Giscard as nothing, though M. Giscard did not hesitate to quote other polls which showed that a majority of people supported his policy of change.

Asked how long he thought that he could continue to govern given the narrow margin of little more than one per cent, by which he was elected, the President pointed out that the governments of most other neighbouring democracies had the backing of only a minority of the electorate. He made clear that he had every intention of going on until

the end of his Presidential term in particular. Its recent attempts in 1981, as well as stressing once to give itself a more liberal again that the date of the next election, due in 1982, would not be the spring of 1983, would not be Marxist concept as the dictator brought forward. Refusing to be ship of the proletariat was drawn on what he would do if dropped in a few days merely the Union of the Left, because the Communists thought alliance between the Socialists that this would enable them to and Communists, won that elect gave, never more easily.

Turning to the country's most acute current problem, that of university reform, opposition to which has taken the form of violent street demonstrations by students, M. Giscard said there was no danger whatsoever of a repetition of the revolutionary situation of May, 1968. At that time, student discontent was universal, while to-day it affected only a small proportion of the student body. In addition a substantial percentage of university teachers, though admittedly not the majority were in favour of the reforms, which are aimed at making university studies more job-oriented.

In this context, M. Giscard was highly critical of the refusal of the left-wing parties to take up his offer of regular consultations between the Government and the opposition. Their attitude was his way to reject criticism that the majority was one of the main causes of the constant atmosphere of political tension in France. Of all the democratic French Employers' Federation, over the curricula of universities, one in which such a dialogue did not exist.

The President had some hard words for the Communist Party he said.

## Italy poised for early elections

BY DOMINICK J. COYLE

WHILE Sig. Zaccagnini, the Christian Democratic party secretary, continued this evening with his last-minute consultations with all the other democratic parties in an effort to prevent the collapse of the present minority Government, the signs elections were now "preferable

## EEC jobless fall goes on

BRUSSELS, April 22.

UNEMPLOYMENT in the European Common Market is continuing to fall, reflecting a slow economic recovery in most member states, according to the latest monthly EEC unemployment survey released to-day. The figures do not take account of seasonal variations in unemployment. But EEC officials said the statistics, if seasonally adjusted, showed a gradual improvement over recent months.

In survey, based on statistics supplied by the nine EEC states, the jobless rate continued to rise to 5.386.300 in January, the latest available figures.

For March—a drop of more than 200,000 over the 5.567.000 total registered in last month's survey.

The exception was Italy, where the jobless rate continued to rise to 5.386.300 in January, the latest available figures.

The figures do not take account of seasonal variations in unemployment. But EEC officials said the statistics, if seasonally adjusted, showed a gradual improvement over recent months.

The party's electoral prospects cannot have been improved by the latest disclosures here to-day concerning alleged Lockheed payments based on documents sent on request to Rome by the Ford Administration and arising from evidence collected by the U.S. Department of Justice.

It is claimed that these payments involved directly Italian Prime Minister sometime between 1965 and 1971. The Italian Press has accordingly concluded that one of three men must have been involved: Sig. Giovanni Leone, now the Italian President, Sig. Aldo Moro, the current Prime Minister, or the present Foreign Minister, Sig. Mariano Rumor.

Sig. Zaccagnini was tonight concluding his bid to win all-party support for an emergency economic programme and for compromise proposals to avoid a contentious national referendum and changes in the present restrictive abortion law. No precise details of the Christian Democrat proposals have been released, however.

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## OVERSEAS NEWS

# O leader predicts U.S. acceptance Syrian intervention in Lebanon

AL TINGAY

ER of the Syrian-lestian guerrilla despatched yesterday to Damascus by the Syrian Army continued to insert themselves between the opposing sides in Beirut. Washington indicated here that the cus to seek reassurance from Mr. Assad after talk of secret pro-

cess, if and when the

giving makes inter-

ssary.

Moscow, who is also d of the Palestine organisation, indicated that when accept the invitation, Lebanon would also al from intervening, wait and choose, but en intervention is stop the fighting and on. regular troops e, he said.

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objected to any

interference," Mr.

"This means the

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General Arafat, who also

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London this week of

Representatives of

the new

to the new

target set by

U.K. official aid

due to visit Maputo

to discuss disburse-

ment of bilateral aid.

any change to the existing 1969

Lebanese left-wingers renewed their calls for the immediate election of a new president. "Abidah radio said again today that if no solution were found by May 2, when the Lebanese Parliament ends its session, the Nationalist movement would establish a Revolutionary government in areas under its control and "lead the battle for liberating other areas," writes Michael Timpay.

Meanwhile Renter reported visions in the Damascus Accord. Right-wing leaders awaited the return of the two emirs, Dr. Lucien Dahda and Sheikh Selim el-Khoury. They left Damascus at mid-day after a meeting with President Assad. General Nabil Jamil, Syria's Deputy Minister of Defence, and Gen. Hikmat Shahab, Chief of Staff of the Syrian Army.

While travellers from Damascus reported regrouping and thinning out of the Syrian troops around Annesa, their point of entry into Lebanon, and pressure for intervention slackened as

cated a change in its position on intervention.

Mr. Ron Nessen, White House Press Secretary, reportedly told reporters in Washington that Syria had played a constructive role in Lebanon. This was interpreted as indicating a change from total opposition to outside military intervention and came just before the appointment of a new American ambassador to Lebanon. Mr. Francis E. Meloy, who is due to replace Mr. Dean Brown, the special envoy in Beirut, next month, said "every thing will change, and we will regain popular support."

He said that Mr. Jumblatt and the other forces who fought the March mountain battles mobilised against Syria and Saïa, but he was confident popularity would return.

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While the role of Syrian and Saïa forces has changed — the PLA forces ordered in by the joint Palestinian, Syrian and Lebanese higher military committee handling the latest crisis are under the control of Mr. Monson — the Saïa leader accepted that his group had taken a knock in popularity.

This was natural since the Moslem groups had been led to object to the Syrian and Saïa forces because they did not join in the last round of fighting in the mountains, he maintained. "We were interested in popularity in the Christian streets."

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## THE FALLING POUND AND LIFE IN BRITAIN . . .

# Foreign travel hit but more visitors

BY ARTHUR SANDLES

THE RAPIDLY falling value of terms there is a currency surcharge shows every likelihood of charge of around 2.5 per cent (adjusting the pound price bringing foreign holiday book-on tours to Spain, plus 1 per cent of a ticket considerably more than to a standstill. While cent to cover higher flying costs than the dollar price), rather foreigners continue to invade (these surcharges are often flat than on departure). Britain in ever increasing numbers, bookings by people in Britain have dwindled to a trickle.

Most tour operators and airlines are putting a brave face on the situation—Thomson Holidays would say only that things were "stagnant"—but retail sources indicate that for some lesser known names the position is little short of disastrous.

A 20 per cent fall in the size of the market this year is not being evenly distributed—Thomson, British Airways, and Horizon Midlands, for example, are not likely to see any fall at all.

While things are bad for outgoing tourists the reverse is true for incoming traffic. It is early in the year to make firm predictions, but it is possible that the U.K. could have a net revenue of £250m. in hard currency from tourism.

**Protected**

Hotellers are having a much better time than many of them would have predicted a year ago. "Things are really going right," says Tom House, F.R.I.B.A.

This is not the case for Briton's going abroad. Hardest hit will be independent travellers who have to bear the full brunt of their holiday costs directly.

Most package tour customers are protected to some extent by guarantees. These usually fix the price of a holiday two months before departure and give the customers the opportunity of cancellation if surcharges are more than 10 per cent of the total account.

At the moment there seems little prospect of this level being reached immediately in the most popular holiday areas. In broad

Country	June rate	close last night
Denmark (Kr.)	12.28	11.024
France (Fr.)	9.07	8.53
Greece (Dr.)	68.51	67.19
Neth. (Guilder)	5.46	4.914
Italy (Lire)	1420	1,6194
Morocco (Dirham)	5.67	n.a.
Portugal (Esc.)	55.00	54.35
Spain (Pta.)	126.70	123.074
Tunisia (Dinar)	0.850	n.a.
U.S. (\$)	2.28	1.8280

Tour operators can cover their normal guarantees, thanks to facilities granted by the Bank of England last year for them to meet commitments.

**Surcharges**

There is some worry, however, about the special guarantees which were made last year in order to boost traffic. British Airways froze its prices for those who booked before mid-January of this year and one leading company, Castle, guaranteed that all its tours would be sold throughout the year at the brochure price.

With average surcharges around 4 per cent on the non-guaranteed tours, and assuming a £100 package average, these operators are now £4 per passenger worse off than they might have expected. This figure is very near the average profit margin in the industry in the highly lucrative year of 1975.

Airlines are severely hit by devaluation since a high proportion of the fuel cost is paid in dollars. Scheduled airlines how-

ever, tend to surcharge in retrospect (adjusting the pound price to bring the foreign holiday book-on tours to Spain, plus 1 per cent of a ticket considerably more than to a standstill. While cent to cover higher flying costs than the dollar price), rather foreigners continue to invade (these surcharges are often flat than on departure).

**Concerned**

There is serious concern that tourists will be so alarmed by the prospect of being poor travelling relations in comparison with the Germans and the Scandinavians that they will prefer to stay at home.

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## Varied reaction among U.K. companies

BY MARGARET REID

REACTIONS of British companies to the new drop in the pound, whose average depreciation over the past four years has now widened to 37.4 per cent compared with only 30.1 per cent at the beginning of last month, varied widely according to their circumstances.

Those with foreign currency loans, unmatched by overseas assets, faced the prospect of an increasing cost, in sterling terms, of servicing and ultimately repaying these borrowings, without the comfort of knowing that the values of the corresponding business abroad were gaining value in step.

Many major companies which have borrowed substantially abroad to finance overseas interests which cover, or more than cover, the borrowings in value, are unconcerned about the pound's fall as such. Their belief in many cases is that the growing worth of their overseas business has made the foreign borrowing abundantly worthwhile.

**Profits**

Leading groups with large exports and overseas operations often emphasised yesterday that the depreciating pound would raise the value of their total sales and profits, in terms of sterling.

Imperial Chemical Industries, whose foreign currency borrowings amounted at the end of October, 1975, accounted for £123m. out of a total of £171m. of loan capital. A spokesman said, however, that a loan of \$w.Fr.100m. (£21.5m.) was the only item not matched by overseas assets. This loan was due for repayment at the beginning of 1977.

It is believed that of the total foreign currency borrowings of J. Lyons, which has very substantial loans raised overseas, some 16 per cent (about £25m.) is unmatched by overseas assets, having been used to finance assets in Britain.

Next door, Selfridges expects that, by the summer, almost half its business will be coming from tourists.

Some overseas visitors attracted by prices up to 50 per cent cheaper than those at home, seem to be shopping with abandon, which British tourists used to display when visiting street markets in Italy.

One Smith American, for example, walked into Marks & Spencer and bought 2,000 night-dresses—presumably for his own business while it is no longer exceptional for women to buy 50 pairs of briefs at a time.

At Harrods, which expects to take considerably more than the £20m. it received from tourists in 1975, the tourist

spokesman said: "The company pursues a policy of invoicing exports in foreign currencies, so that a fall in sterling helps profits."

Mr. Paddy Custis, finance director of Guest Keen and Nettlefolds, which has large exports and major businesses on the Continent of Europe, in Australia, and elsewhere abroad, commented: "The declining sterling parity is beneficial in the short term. But I fear it will rebound on us all in higher import prices."

**Benefit**

Rothmans International, the wide-ranging cigarette and tobacco group, has substantial amounts of convertible sterling-deutschmark bonds, interest payments on which have some optional gearing to an earlier exchange. But the group has the advantage in present conditions, of deriving the majority of its sales and profits from abroad. Sir David Nicolson, chairman of Rothmans, added: "Although we are bound to see sterling drop, we benefit substantially from it."

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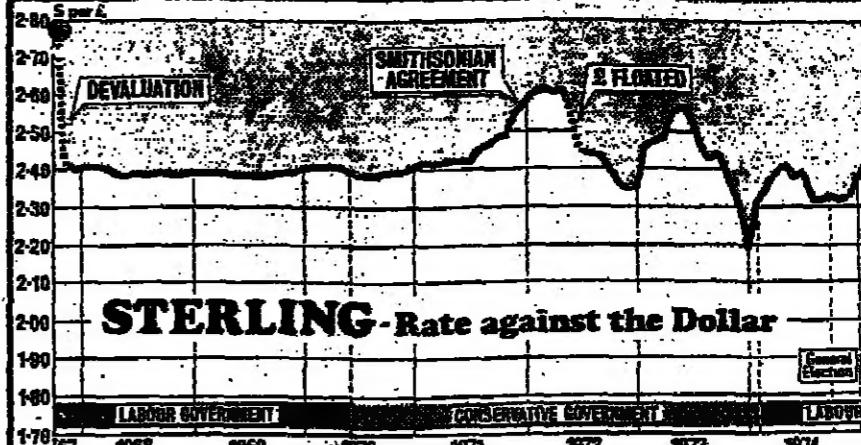
Most of the big stores are stepping up their efforts to attract tourists. Selfridges is quadrupling its overseas advertising spending this year—newspaper space is being taken in the Netherlands, Germany and France and, like most of its competitors, it is also advertising in most of the main hotel's magazines and exchange facilities.

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## Tourists boost business in West End stores

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE SPRING influx of sterling tourists is one bright spot beyond things which can be conveniently carried away. The store has sold several three-piece suits of furniture to French customers at between £750 and £1,000 each in spite of the fact that the customers have to pay a £200 transport charge.

Retailers say it would be wrong, though, to assume that merely opening the doors of a shop to tourists will in a view which anyone who has queued outside Marks and Spencer in Oxford Street in the morning might understandably take.

The tourists, they say, have to be lured in just like any other customers, though they admit that they are less concerned about price rises than British customers.

All the big stores claim they are already geared to handle foreign business. Most now offer interpreter services and some, such as Harrods and Selfridges, have their own foreign departments and exchange facilities.

**Advertising**

Few refuse to take even the most outlandish foreign currencies—and one probably apocryphal story has it that the assistant in one small Kings Road shop was so keen to help the balance-of-payments that she accepted Monopoly money on the assurance that it was really Arabians pounds!

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For most retailing, the pound's fall is for its impact on the tourist trade. It has been a 5 per cent drop leads to 10 per cent in index over.

For retailers, on foreign supplies in those high kinds of electrics, increase in 10 per cent more. Some are really critical hills: Selfridges the number abroad and what foreign on markets like pound is still

## Foreign borrowing totals

BY ROY HODSON

AN ADDITIONAL burden being borne by the Treasury as the Found falls is the rising cost of British public sector borrowing from foreign sources which now amounts to the equivalent of almost £4bn. Nearly all the loans are being guaranteed by the Treasury against exchange rate fluctuations and interest rate changes.

The Treasury last night would not put a figure upon the total losses that have occurred through its exchange guarantee scheme, but unofficial estimates put the figure at approaching £1bn. while interest rates have risen by more than £80m. a year.

The nationalised industries and public sector undertakings such as the water authorities have foreign loans at present totalling £2.5bn. and the local authorities have foreign loans totalling £25.000.

**Sources**

Under the Treasury exchange guarantee scheme the borrower is effectively insured by the Treasury against exchange rate fluctuations which is calculated to make the eventual loan about 1 per cent cheaper than an equivalent loan, raised in Britain.

The Post Office has foreign loans totalling £25m., British Gas over £250m., and British Rail an uncovered £1.5bn. from financial sources and the National Water Council has loan arrangements, most of which are still to be taken up, for more than £200m.

The British Steel Corporation

is a big borrower and has made full use of the European Community Fund for European Investment.

**MAIN FOREIGN BORROWERS PUBLIC**

British Steel Corporation National Coal Board Post Office British Rail National Water Electricity Industry British Gas British Airways GEC Glasgow

other European countries have ECSC loans and EIB loans. The National Grid has £50m. for £1m. from the financial year seriously to 1980. In some researches have ECSC at a lower rate.

Other borrowing sources include industrial electricity and totalling £150m. Among the biggest borrowers are the London Underground, Glasgow (£150m.

## Exchange dealings are major clearing bank activity

BY MICHAEL BLANDEN

THE VERY large, foreign exchange dealings carried out by the big UK clearing banks are a substantial source of profit for them and a major activity in their own right.

Turnover in a normal day could amount to as much as £500m., both selling and buying for one of the big four banks, and, at a time when currency rates are fluctuating widely, the expertise of their dealers can be reflected in large gains or losses.

Only a small proportion of the deals carried out by the big banks arises directly out of business for their customers. As much as 80 per cent of their activity reflects purely interbank and professional dealings in the market.

As a result, while the UK banks do not run large open positions in currencies, they have scope for making substantial profits or losses on the very large volume of business carried out in the course of any one day.

The banks insist, however, that they are not engaged in speculation in the sense of taking large positions for or against individual currencies.

The bulk of their business in foreign exchange markets arises from a major international financial centre, which means that other banks around the world come to the UK banks to carry out exchange deals for both commercial and banking purposes.

As a result, while the UK banks do not run large open positions in currencies, they have scope for making substantial profits or losses on the very large volume of business carried out in the course of any one day.

In more recent weeks signs of a recovery have been very patchy and recognisable.

The recent short-term trends survey produced by the mechanical engineering "Little Nelly" forecast that the industry could look forward to a 15 to 20 per cent rise in new orders in the rest of 1976, from the very depressed current levels.

Engineering companies are now more willing to go along with the "Little Nelly" suggestion that the main upturn in demand will come towards the end of this year or early next year.

The statistics of new orders are erratic, however, and information for later months will be

fluctuating sharply, as at present, they can take advantage of the movements to make a turn for themselves.

The UK banks describe themselves as equivalent to jobbers in the exchange markets, prepared to make a book and earn a return for their activities but not taking long-term positions on their own behalf.

There is a certain amount of controlled discretion allowed by dealers, who may be coping with several other banks during the course of a hectic day's trading. And the bank's position can be affected by the activities of its extensive branch networks, including, for example, dealings in travellers' cheques on behalf of customers.

When currency rates are fluctuating sharply, as at present, they can take advantage of the movements to make a turn for themselves.

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**MK Electric pact likely**

MK ELECTRIC Holdings of Edmonton, North London, the electric accessories manufacturer, is likely to sign a formal co-operation agreement covering electrical installation equipment with the Siemens group of Munich by midsummer, it was announced yesterday. The two companies said there was no question of Siemens taking over the London company, whose turnover last year was over £20m.

There would be five areas of collaboration. The main emphasis would be on development of international standards, both companies jointly co-operating with such bodies as the International Electrotechnical Commission.

The EDC has held fast to this

forecast since October, but now foresees a gradual pick-up of demand through this year. By the end of the year order books could be back to near the 1969 levels, but still substantially below the peak reached in 1973, perhaps by as much as 40 per cent.

With sales continuing to outstrip the order intake, the industry's order books in January were lower than at any time since the 1971 recession.

Overseas demand for engineering products, as measured by new export orders, has been weakening over the last six months.

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## Decline in new engineering orders may have halted

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

# Some awkward questions our competitors would like us to answer.

**Q** You've made a lot of claims about the relatively small amount of capital investment needed to re-equip a foundry with cupola plant. Do you have the figures to back up those claims?

**Q** The problems of wet, dirty or oily scrap are well-known to the foundry industry. Why should your fuel be able to cope with them any better than any other fuel?

**Q** Is foundry coke really the most efficient form of fuel?

**Q** The coal-mining industry isn't the most stable industry in this country. To put it bluntly, can you guarantee supplies?

# And the answers they didn't expect us to give in public.

**A** The facts are simple. To install a cold blast cupola costs about £5 per ton of annual melting capacity as against £15 for other melting systems. In these days when capital is scarce it's worth bearing these figures in mind.

**A** Coke-fired cupolas can accept a wider range of scrap than any other foundry melting plant. In fact, many other systems cannot accept oily, contaminated or wet scrap without costly treatment because of the dangers of explosion when charging. And of course, foundry coke plays an important function in the furnace that other fuels cannot do. During the melting process the metal and coke are in direct contact and the carbon provided by the coke contributes to the final composition of the molten metal.

**A** Certainly some other systems use energy more efficiently. But, only when they have a constant work load over an extended period to offset the possible maximum demand charges imposed with other fuels. With today's uncertain economic climate, it's very unlikely that anyone can guarantee such a steady supply of work.

**A** To answer bluntly, no industry connected with energy supply can ever be completely stable again. Looked at in this context, foundry coke is a safe form of energy. Because you can build reserves. Because Britain has enough coal for foundry coke-making to last far into the future and most importantly, because, by agreement with the Council of Iron Foundry Associations, adequate stocks of foundry coke are maintained at the ovens, so foundry coke represents "energy stock".

Additionally National Smokeless Fuels are pioneering new coke making techniques, thus guaranteeing the availability of good quality foundry coke when traditional coking coals are less readily available.

If you have any questions you'd like answered about foundry coke, contact Mr. J. D. Hill,

National Smokeless Fuels Ltd., Coal House, Lyon Road, Harrow, Middlesex HA1 2EX (Tel. 01-427 9001). Once you've heard the answers we think you'll agree, National Smokeless Fuels, by supplying the energy to produce 90% of all Britain's iron, is the hidden power behind Britain's industry.

## National Smokeless Fuels Ltd.

The Hidden Power Behind Britain's Industry.



## HOME NEWS

**Ira says Coal Board  
ooke even in 1975-6**

EDDISON

**FINAL COAL BOARD** in the 1975-76 financial year, despite the harsher policy towards grants by the Government, was £1.8bn. Unofficially, if more realistically, the cost by then might be £2.2bn.

Sir Derek was insistent yesterday that the Board intended to stick to its letter of the plan, though it will be far more expensive than at first envisaged.

All projections showed that there would be a national energy shortage by the 1980s, and that the nation must pay now for assured energy supplies then.

The plan is suffering in the main from inflation, but some detailed costings are rising as well. For instance, development of the giant Selby coalfield, described by Sir Derek yesterday as the biggest new deep mining project in the world, will cost more than at first envisaged. It is understood, rates are that because of environmental factors, £400m. more takings and the need to divert

because of inflation, bringing the industry's total capital needs by 1985 to £2.2bn. Unofficially, if more realistically, the cost by 1985 is put at well over £2bn.

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**payments for Court Line  
reholders—liquidators**

A TIMES REPORTER

**SERS IN** Court Line, the airline group which should be settled during the next few weeks, the agency said. The statement of affairs at £73.4m. for August 1974, will not be paid out until the end of the month and the unsecured creditors can only receive a small distribution, the statement of affairs by liquidators yesterday. The statement shows that the value of the company's assets of £91.4m., of which £13.4m. were secured creditors, £10.5m. of secured loans and £200,000 of unsecured creditors' assets.

The joint liquidators will distribute all the assets, prior to realising claims amounting to £14.1m. and £4.2m. on behalf of preferential and unsecured creditors.

The total show an excess of £7.8m. subject to the statement of affairs.

Joint liquidators—Mr. Wilson and Mr. F. S. Peat Marwick & Co. are making satisfactory progress in agreeing the unsecured creditors' claims which

were estimated in total to be £73.4m. The statement of affairs said. There are, however, a number of complications concerning the contingent guarantee claims, included in the above figures at £22m., due to the complexity of the inter-company guarantees of the Court Line Group. For this reason, the joint liquidators are not able to estimate at this stage the date or the amount of the likely first distribution to unsecured creditors.

**Clarksons**

The statement of affairs of Clarksons Holdings, the Court Line package tour subsidiary, shows the realisable value of the company's assets to be £1.36m., of which £160,000 is due to the preferential creditors leaving assets available for the unsecured creditors of £1.21m., subject to realisation costs.

More than 100,000 holidaymakers who lost money when a number of travel operators failed in 1974 have been repaid, the Air Travel Reserve Fund Agency said yesterday. Payments began at the end of August 1975, and compensation was then paid on average to 4,000 people a week.

Most of the outstanding claims

**March car  
output up  
11% on  
last year**

By James McDonald

**SIGNS OF** a recovery in U.K. car output were reinforced yesterday by Department of Industry figures showing an output during March of 124,612 units—11 per cent above the level in March last year.

Production for the home market rose by 7 per cent, compared with a year ago, and output for export was 16 per cent higher.

The Department points out, however, that output in the first quarter of this year was 6 per cent below the relatively high level achieved in the first three months of last year.

On a seasonally adjusted basis, March car output was 121,000 units—15 per cent above the monthly average last year—and output in the first quarter was 18 per cent higher than the last three months of last year.

Production for the home market and for export each showed about the same proportionate increase.

Commercial vehicles output in March was 37,440, a fall of 3 per cent, compared with the same month last year, with production for the home market falling by 18 per cent, but for export rising by 13 per cent.

In the first quarter of the year, commercial vehicle output was 13 per cent below the same period last year, with this fall again due to a reduction in output for the home market.

On a seasonally adjusted basis, commercial vehicle output in March is given as 32,500 units—3 per cent above the monthly average last year. In the first quarter of this year production was 8 per cent above that of the final quarter of last year.

As forecast in the Financial Times on Tuesday, prices of Ford cars have been raised by an average of 4.7 per cent from midnight last night.

A similar increase is expected soon by British Leyland, and also possibly by Chrysler. Ford's new prices (with the previous in brackets) are:

	Total including car tax and VAT
Escort	£1,514.04 (£1,416.31)
Popular	£1,000.24 (£900.00)
1100 2-door	£1,514.04 (£1,416.31)
Escort 1300	£1,960.23 (£1,877.61)
Cortina	£1,600.44 (£1,514.04)
1600 XL 4-door	£2,384.29 (£2,188.03)
Capri 1300	£1,960.23 (£1,877.61)
Granada	£2,538.00 (£2,423.11)
2000	£2,538.00 (£2,423.11)
Ghia	£4,339.21 (£4,122.58)

There had been a tumult of foolish, intemperate and some-

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Government's

**APPOINTMENTS**

## Managing Director

for an old-established Northern company engaged in extensive wholesale and distribution operations with a turnover exceeding £65m. The organisation forms part of a leading UK trading group with strong financial resources.

- THE Managing Director is responsible to the parent Board for the profitable development of the enterprise and has complete autonomy within the limits of corporate policy.
- THE prime requirement is a record of creative business accomplishment at the centre of a major trading and distribution group. Experience in using sophisticated computer-based systems for control purposes would be an important asset.
- AGE—around 40. Terms are for discussion—total remuneration is likely to be around £18,000.

Write in complete confidence  
to Dr. R. P. Tuckett as adviser to the company.

**TYZACK & PARTNERS LTD**  
10 HALLAM STREET and LONDON WIN 6DQ  
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

## Marketing Director

**TI TRANSPORT EQUIPMENT LTD**

A TOP MARKETING EXECUTIVE, with managing director potential, is required to join the Board of this expanding British company, part of the Tube Investments Group. The company is established as an international leader in its field with BRADBURY lifts, CRYPTON diagnostic equipment, CHURCHILL special tools and CHEMICO (France) washing equipment forming part of a comprehensive range of products and services for vehicle maintenance.

- RESPONSIBILITY embraces the full spectrum of marketing activity from product design and range through to installation and servicing. Market planning is particularly important in this rapidly changing and expanding international scene.

BROADLY based experience within the engineering industry is the preferred background, with particular emphasis on marketing a comparable range of products at top level. A professional engineering qualification and fluency in a foreign language would be useful assets.

- AGE about 40. Remuneration will reflect the great importance the company attaches to this key appointment. Location is Daventry.

Write in complete confidence  
to J. E. B. Drake as adviser to the company.

**TYZACK & PARTNERS LTD**  
10 HALLAM STREET and LONDON WIN 6DQ  
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

## Chief Executive

**LIGHT ENGINEERING**

for a light engineering manufacturing company which leads the market in its product range and is part of a highly successful and broadly based British engineering group.

- THE task is to manage the business, develop further profitable growth and explore opportunities for diversification.

A RECORD of success in managing and expanding profitably a business in a related field and a relevant technical qualification are the prime requirements. Career progression will have included production experience and staff and labour union negotiations.

- TERMS to match experience and achievement are for discussion. They will include a salary in five figures and a profit sharing element. Car provided. Location—the West Country.

Write in complete confidence  
to Sir Peter Youens as adviser to the company.

**TYZACK & PARTNERS LTD**  
10 HALLAM STREET and LONDON WIN 6DQ  
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

**RECENTLY QUALIFIED ACCOUNTANTS  
TO £5,000 PLUS BENEFITS.**

Our clients, the English Division of a large multi-national organisation seek young accountants to be groomed for executive positions within the Group. The ideal candidates would be recently qualified (preferably Chartered) Accountants with good management potential. Please ring 01-229 3221 or write Beresford Associates, 178 Kensington Church Street, London, W.8.

**WANTED**

COMMERCIAL OR PROFESSIONAL OPPORTUNITY FOR AN INDIVIDUAL OR GROUP OF INDIVIDUALS TO OFFER UNLIMITED ENERGY, THE BENEFIT OF AN OUTSTANDING PROFESSIONAL CAREER AND THE SECURITY OF A HIGHLY COMPETITIVE SALARY. A 50/50, Financial Times, 16, Cannon Street, EC4P 4BY.

## Managing Director

An able and enterprising Chief Executive is required to assume full responsibility for the efficient and profitable operation and development of a well-established light engineering company employing about 600 people in the Midlands. The Company which is part of a well-known British Group, manufactures and sells high volume proprietary components and sheet metal fabrications which have an excellent market reputation. The selected candidate is likely to be aged 40-45 with a successful record of general management including full profit responsibility for an engineering company of comparable size. Familiarity with modern management controls is important and up-to-date knowledge of sheet metal working techniques would be an advantage. Starting salary is negotiable around £30,000, a car is provided together with other benefits including a profit bonus and generous relocation assistance.

Please write in confidence or telephone M. Lomas for a personal interview quoting reference L/855/1.



P-E Consulting Group Limited Appointments Division  
Wick Road, Egham, Surrey TW20 0HW Tel: Egham 4411

**COMPANY NOTICES****KINGDOM OF DENMARK**

8% 1971/84 LIA 25,000,000

NOTICE IS HEREBY GIVEN to bondholders of the above-mentioned Bonds that the amount redeemable on June 25, 1976 is £34,290,000 was bought in the market.

Amount outstanding: £A 21,000,000

Luxembourg April 23, 1976

THE TRUSTEE  
PININTRUST S.A.

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN to TRANSFER AGENTS given to the 5% First Mortgage Debenture Stock 1938-96

NOTICE IS HEREBY GIVEN to the holders of the above-mentioned Bonds that the amount of £34,290,000 was bought in the market.

By Order of the Board  
G. T. LOWNDES  
Secretary  
71-78 Victoria Street,  
Wolverhampton.

JARDINE MATTHIESON LTD

NOTICE IS HEREBY GIVEN that the third annual meeting of Jardine Selections Ltd. will be held at the offices of the Company, 10th Floor, 100 Newgate Street, London, E.C.1. on May 26, 1976 at 12 noon, to receive the directors' report and accounts for the year ended December 31, 1975, to appoint auditors for the year 1976 and to transact such other business as may be properly brought before the meeting.

Any member entitled to attend and vote is entitled to bring one other person with him or her to the same meeting.

Under the Order of the Board, the Directors of Jardine Selections Ltd. have decided to make available without deduction of United Kingdom Income Tax and United Kingdom Corporation Tax, the sum of £1,000,000 in the United Kingdom and £1,000,000 in the United States of America, to be held in trust by the Bank of America, N.A., New York, NY 100-26, dated December 1975. On the issued Ordinance No. 1000.

Under the Impounding Act 1936 which came into force in the United Kingdom on 1st April, 1976, dividends will be payable without deduction of United Kingdom Income Tax and United Kingdom Corporation Tax, the sum of £1,000,000 in the United Kingdom will carry a tax credit equal to thirty-five per cent of the total sum of dividend and the credits. Where a holder of shares is resident outside the United Kingdom, the tax credit will be nil, which some United Kingdom tax may fall to offset.

The payment of the dividend will be made in the case of Holders of Share Warrants or Options or other 1st July, 1976 after deduction of United Kingdom Income Tax and United Kingdom Corporation Tax, in accordance with the Exchange Control Act, 1947, of Council Regulation (EEC) No. 1000/75 in a way the underwriting offices.

See also Notice of Corporation Limited Unregistered Office, G. St. James's Square, London, SW1.

The Rio Tinto-Zinc Corporation Limited Central Administration Limited, Redhill Street, Bristol BS1 6NT.

21 Rue Léopold, 75009 Paris, France.

2 Rue de la République, 1000 Brussels, Belgium.

3, Montgallet, Paris, France.

Banque Generale du Luxembourg S.A., 14 Rue Aldringen, Luxembourg, L-1450.

11, Boulevard Grand-Duchesse Charlotte, Luxembourg, Luxembourg.

Société de Banque Suisse, CH 4002 Basel, Switzerland.

Credit Suisse, Paradeplatz 8, CH 8021 Zurich, Switzerland.

Copco Ltd., which must be stated on separate lines, will be paid on or after Monday, 21st May, 1976. At any of the above rates, may be paid on or after Monday, 21st May, 1976. Counter presented for payment in the United Kingdom must be held five clear days for examination.

Shareholders, members and subscribers to the Company, Articles of Association adopted on 20th May, 1970, are advised that if no claim is made for the dividend by 1st July, 1976, the same will be paid within two years from 1st July, 1976.

Y. R. FRANCIS-SMITH, Secretary.  
1, St. James's Square, London, SW1Y 4LD.

23rd April, 1976.

NOTICE

No 69317 of 1976

In the HIGH COURT OF JUSTICE

Chancery Division, Comptons Court, Inns of Court, London, EC4V 4AY, on 21st April, 1976, in the matter of "TOMMY'S LTD" LIMITED and in the matter of the Company ACT, 1963.

NOTICE IS HEREBY GIVEN that the above-mentioned Company by the High Court of Justice was on the 17th day of April, 1976, incorporated under the COMPANY ACT, 1963.

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# The Property Market

BY QUENTIN GURDHAM

## Housing Corp. takes half Maple House

At last, some good news for shareholders of Maple Macwards, the retailing group which includes the owners of the now failed Jessel Securities (20 per cent. shareholders) pinned its hopes on one major redevelopment scheme. Some 41,000 square feet, nearly half the office space in that still uncompleted development, Maple House, in Tottenham Court Road, London W1, has been let. The tenant will be the Housing Corporation, the Government's "third arm" of state.

Matthews and Goodman acted for Maple Macwards and Hillier Parker and Partners for the Housing Corporation in negotiating the lease on the fifth, sixth and seventh floors. The rent is a secret, but a clue might lie in the price being asked for the remaining three office floors: £5.50 per square foot for units of 8,000 square feet upwards.

The whole of the ground floor is retail space and the first floor has showroom use. The British Car Manufacturers were showing later here, but were no definite commitment yet.

The Housing Corporation has been looking for new space for quite a long time, wanting to bring under one roof what cannot be accommodated in the present base at Sloane Square. That it has chosen Maple House before it is even complete

(though perhaps because of the financial condition of Maple Macwards the property has been strenuously marketed) says something for the quality of the building and also the good tube and rail communications at the top end of Tottenham Court Road.

The letting takes the developer a lot closer to their intention of letting and selling the building, but Maple Macwards has a long way yet to go. Back in the 1973 report, the chairman was saying that he had already been advised that the development was worth in excess of £15m. and would have a fully let value "well in excess of £25m." The last word, earlier this year, was that a £2m. provision might be needed against a book value of £16.3m. Even that might not be considered enough.

In supporting the development, Maple Macwards has reached the point where it could not, despite an improved trading position, meet a tiny dividend on its Preference shares, and although shareholders have now approved the necessary changes, breached its trust deed on a loan stock by selling some regional stores and had to ask for higher borrowing limits.

**5.2 per cent. initial yield in Glasgow**

Stenhouse Holdings has made one large property buy, the purchase and sale of Dominion House in the City, and the Stock Market has been as slow to forgive the group for that mistake as it has for mixing international insurance broking revenue with Scottish industrial interests. But

tender had several funds on where, even if the property was knocked down to a pension fund size, good covenant, very good £300,000 on the St Vincent Street client of Healey & Baker, location yields have gone building being arrived at adding thought to be the Coal Industry nearly as low.

Stenhouse (agents Richard here is an exciting question. No such hope underpin Stan Ellis) has chosen to announce granted that as well as a shortage Stanhouse's other major property, the 45,000 square feet Dominion Buildings in South Place, London EC2. Stenhouse bought

And Glasgow is rising from a tenterhook, before being not quite as plum as this—right fairly low base, the book value of the equity in the building to some refurbishment costs to a 1983 Nominees.

Where Glasgow goes from purchase price,

the others while taking enough space in it to rationalise three sites, planning approval of the London offices. But with those completed before building begins, financing costs of £1.5m. a year on the purchase, it had to go acceptable tenant before starting through a series of interviews on the process of obtaining transactions to cut its involvement ODP and planning permission would, the review says, "reduce

In October 1974, now facing the risk of abortive expenditure valuation, Stenhouse Holdings' resources on a building for its sold Dominion Buildings to which an acceptable tenant could not be found. Indeed, in the present conditions the risk would not arise because funds would not be forthcoming until a good "covenant" had been found.

The Secretary of State might be empowered to impose the condition that for the first five years was not occupied other than by an applicant approved by him (in the sort of cases where QDPs are presently issued without occupation conditions). But in the majority of cases the review envisages that the stipulation would simply be that a building was not begun until the occupier was approved. "This would allow scheme to be carried forward to the stage where planning permission had been obtained and the prospective occupier would not need to be consulted as far ahead as is now required."

Such a change would require fresh legislation.

## OUT AND ABOUT

THOUGH HE turned down various alternatives to Office Development Permit controls when announcing the extension to 15,000 sq. ft. John Silkin, Minister for Planning and Local Government, said he would welcome views on the possibility of modifying the present system.

The review for the area will be the Office Location Review prepared by the Urban Affairs and Commercial Property Directorate. The change suggested in the review is described thus as "importing into the ODP system some of the advantages of the occupation permit system." There are a further five units, from 15,000 square feet to 27,500 square feet ready on the estate. When let, that investment will probably be sold as well.

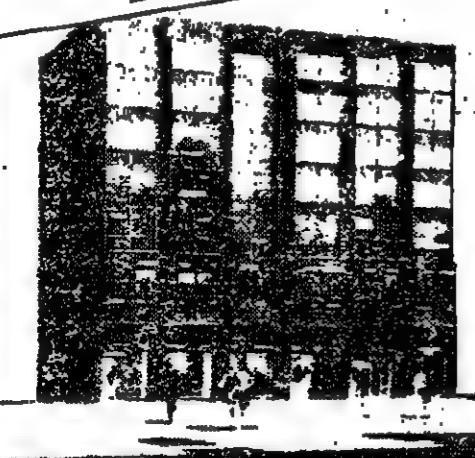


Above is the Neuilly Madrid building where Jones Lang Wootton's Paris office has negotiated one of the largest recent lettings in the western sector of Paris. The tenant is the French group CMLP, which has taken 4,200 sq. metres in parts of two rear buildings at close to Frs.650 per sq. metre. Elsewhere in the area there has been some fairly savage price-cutting down to around Frs.550 per sq. metre, but developers Commercial Union seem to have been right to stick out, during the eight months the building has been on the market, for the higher rate. They are talking of Frs.750 on the facade section of the remaining 5,600 sq. metres. JLW, which reports a very changed market, has also let the whole 2,500 sq. metres of a London and Overseas building in the Rue Berger within a month, where the Dassie group is the main tenant at rents of Frs.525 per sq. metre. A third letting by the agents is of 500 sq. metres of Lewton International's 16,000 sq. metre complex at Charenton. This is little enough, but any letting in the eastern sector is a bonus, and this one is at the good figure of Frs.365 per sq. metre, and the tenants are treating it as a pilot scheme with the possibility of taking the whole property. It constitutes the last major involvement of Lewton International SA, the still trading subsidiary of the British parent company now in liquidation.

## INDUSTRIAL AND BUSINESS PROPERTY

### One of the finest office buildings outside London

"Lettings now include Bank and Airline"



A luxury office building at Humberstone Gate, Leicester, recently completed, and available in suites of 4,000 to 30,000 square feet.

The building is situated in the town centre, close to the new Haymarket shopping centre and numerous public car parks, and within easy reach of both the main line railway station and the M1 motorway.

Completed to the very highest office standards, the building offers one of the most efficient and sophisticated air conditioning systems throughout.

\* Two lifts \* Sun resistant double glazing \* Suspended acoustic ceiling tiles incorporating recessed fluorescent lighting \* Ample toilet facilities \* Portage \* Car parking facilities on site \* Perimeter ducts carrying power cables, with ample power points provided \* Floor loading of 100 lbs. per sq. ft.

The owners of the building, a leading Life Assurance Company, are ultimately concerned in securing a lessee or lessees of high calibre, and the terms they are prepared to accept will reflect this attitude.

Keith Cardale, Groves & Co., 43 North Audley St., Grosvenor Sq., London W1Y 2AQ. Tel: 01-629 6604 Ref. MCG/JRL

### NORTHAMPTON PRESTIGE FULLY FITTED OFFICE BUILDING EXCELLENT COMMUNICATIONS CLOSE M1 AND TOWN CENTRE



47,000 SQ. FT. (APPROX.) TO LET

ONLY £1.80 per. Sq. Ft. PAX

ERNEST OWENS & WILLIAMS 103 Park Street, London, W1. TEL: 01-629 8386

SMITH MEZACK WP

SCOTT STREET, LONDON NW1 2JL TEL: 01-629 6551

54-56 ST. GILES, STREET, NORTHAMPTON NN1 1JW. TEL: 01933 22217

### K FACTORIES & WAREHOUSES

#### BRISTOL (M4/5)

11,040 sq. ft.  
Warehouses  
TO LET

CANTERBURY, Kent  
New Warehouses  
from 5,000 sq. ft.  
Occupied Int. 1976  
TO LET

CHRISTCHURCH, Dorset  
Garage/Industrial Premises  
17,000 sq. ft.  
FOR SALE FREEHOLD

GOLBORNE (Haydock) Lancs.  
40,000 sq. ft.  
Single Storey Warehouse/Fight Industrial Unit  
1 mile East Lancs Road and M6 Motorway  
FOR SALE

LONDON, E.17  
New Single Storey Warehouses  
Various sizes from 3,900-19,400 sq. ft.  
TO LET  
Details on application

MITCHAM, Surrey  
Modern Factory/Warehouse  
3,200 sq. ft.  
TO LET

READING, Berks.  
11,000 sq. ft.  
New Single Storey Warehouse  
TO LET  
£1.35p. per. sq. ft. p.a. ex.

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**£1 PER SQ.FT.**  
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59p per sq. ft. ex.  
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A development by Michael Paul Investments Ltd.



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7,080 sq. ft.

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THE CONVENT OF THE  
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An important property providing extensive accommodation suitable for religious, educational, institutional and similar purposes.

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Gatehouse, Gardens, Tennis courts.

Playing fields.

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with about 12 acres

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The Financial Times Friday April 2

Commercial Division  
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### 23, ALBEMARLE STREET, LONDON PRESTIGE OFFICE SUITE

1,650 sq. ft.

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**Grosvenor House—13,000 sq.ft. of Air Conditioned Offices.**

This purpose built development is in Clifton, less than 1½ miles from Bristol City Centre and on the main route to the M4/M5 Motorways.

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Grosvenor House comprises 13,350 sq.ft. of close carpeted office accommodation on four floors, served by automatic lift.

An uncomplicated floor design allows either open plan or cellular offices, and the overall size of the building makes it ideal for a national company's regional offices or a headquarters building for the smaller occupier.

Grosvenor House comprises 13,350 sq.ft. of close carpeted office



Ready for Occupation: Summer, 1976.

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#### Industrial Investment For Sale

producing £24,000 p.a. net on 35 year f.r.i. lease, 5 year reviews

Price £200,000

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Proportion

These are broken down to present office occupations as a percentage of all work in the region. Here the South-West shows 355,000 in office jobs from a total of 1.6m. This represented, from 1966 to 1971, a percentage change of 13.6 in favour of office jobs, meaning that by 1971 nearly 22 per cent of workers were clerical.

The proportion is short of the national average, at the time, of 24 per cent, but the shift toward office jobs over the period is only exceeded by East Anglia and equalled by the East Midlands. And the national average is overwhelmingly influenced by the South-East and London figures, for only this area and the North-West have an employment balance more weighted to office work.

The significance of the trend revealed by these figures, even though it shows less than a quarter of jobs located in offices, is probably the key to the South-West property market. The major centres of the area are not industrial cities.

TO LET

on new 25 yr. F.R.I. lease  
36' frontage x 80' with half first  
floor covered yard & rear access.  
immediate possession.

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### EXETER

#### 2 Barnfield Crescent

4,280 sq. ft. offices

Investment and part occupation

AUCTION May 19th, 1976

HAARER & GOSS

Exeter 51171

On the instructions of

Nobel's Explosives Co. Ltd.

FACtORY PREMISES

Ponsanooth, near

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16,400 SQ. FT. FLOOR SPACE

71 acre site

Gas

Cottage subject to occupancy

£55,000

STRATTON & HOLBOROW

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New Corner Shop occupying best position

in Fore Street.

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floor covered yard & rear access.

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PLYMOUTH

Population 250,000+

GOVERNMENT ASSISTED

## PROPERTY IN THE SOUTH WEST II

## Plenty of office space

KET for office space in South West has distribution centre, and the units to around £1.10. One sharp drop in rents of between £1.20 and £1.35 per square foot obtained by recession in private sector cut some trading estates there for expansion or make it one of the most expensive developments had to take up much of the available and local government space. Agents Lalonde Brothers and Parham say that the supply of old and new space should satisfy demand this year, but that new accommodation may become scarce in the middle term, with very few new developments being started.

In Exeter, Haarer and Goss say that while £1.20 per square foot has been obtained on a handful of small units there has, on larger properties, been a resistance to breaking through the £1 per square foot barrier.

But some large needed to balance demand. On several occasions, negotiations are progressing against the national trend, saying that a third of the level of demand for industrial space has been unparalleled within six months. They already see a severe shortage of industrial and warehousing space in some areas.

## Local

The basis of this demand has been in small units, often for local companies. On the West Howe Industrial Estate, for instance, the units go as low as 800 square feet, and it is in the sub-3,000 square feet range that rents up to £1.50 have been obtained.

What may be more surprising is the number of larger units still lettable to some top covenantors, some areas, and this has kept rentals on main road network the 3,000 to 5,000 square feet good warehousing units in the area as high as £1.25 to £1.30, and on new

sector has not such an hiatus. In City's Kingswood Bristol, where trading last

are now only two solicitors are not

the high streets of smaller centres in

at a fairly static

where the units

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such as the office

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break demand for

in the number of larger

units is still lettable to some top covenantors,

some areas, and this has kept rentals on main road network the 3,000 to 5,000 square feet good warehousing units in the area as

# BOOKS

## Players' King

BY C. P. SNOW

*Edmund Kean* by Raymond FitzSimons. Hamish Hamilton, £5.25. 255 pages

The artist's life, according to the romantic conception, must be very tiring to live. It is also extremely boring to watch or live with. Yet it has an undivided appeal to the cultured imagination. An artist—artist in the widest sense, writer, painter, performer—ought to be drunk, incapable of disciplined behaviour, incompetent in practical affairs, sexually uncontrollable. He ought to act as much like Lord Byron—or rather like adorers' pictures of Lord Byron, as he can manage. God bless him.

This model has turned a good many heads. It did no good to the whole of the "Modern" Movement. It was ready as a code of ethics for, say, Hemingway, Augustus John, Dylan Thomas. It is international. Russians have adopted it as enthusiastically as Anglo-Saxons (cf. Mayakovsky, Eisenstein) and more recent examples. As an idea, it seems to correspond to a profound need of certain and deep-thinking men. It satisfies the need of romantic art.

Samuel Johnson was in his own person as little added to Romance as one can be yet, remember he wrote with love, and something like hero-worship and longing about Richard Savage. The idea of lived out in practice is a bore. Just imagine looking out of the window and seeing Scott and Zelda Fitzgerald coming to dinner.

Among artists living up to the heights of the romantic conception Edmund Kean must have been one of the greatest of all Macready's. About Irving's there St. Martin's Lane to watch.

bored. This biography by Mr. is some gondish literary FitzSimons, which is truthful and evidence, though largely from lively, doesn't set out to make Shaw, who was a hostile source, him anything else. He was My own guess is that we should habitually drunk, which can't find Irving on the stage repelled have been any fun to listen to, lend stylised, but that he had (though slightly less tedious than the greatest of an actor's gifts, if he had been habitually high, which I will mention shortly).

Of them all, that is down to have prostitutes in his own time, it may be that dressing-room before and after during his great period, which was very short (he had come to fame), though the early be likely to have a part in the nineteenth century theatre was a case of Sir Kean was the most prettily rough institution, as magical. Here there is first-rate Beecher Hogan has taught us, was literary evidence, better than regarded as somewhat unusual. He was uneducated, which wasn't his fault, and acutely class conscious. When the aristocracy entertained him, his chief conversational speech was English, which was a fastidious Duke of Norfolk. That was a bit of romantic lying, and his conversation seems not to have consisted of much else!

Altogether, he was not an engaging little man. Little was certainly was, and everyone commented on it in an age when people were shorter than we are. He was probably not more than 5' 3", a liability for the heroic Shakespearean parts. Because he admired both his talent and his grain of seabrous scowling. By contrast, Hornehouse and their circle put up with him. No one else did.

However, he was a great actor. It is always difficult, and perhaps impossible, to reach the truth about actors of the past. Our successors won't be at such a disadvantage, since they will possess the tapes and positive evidence. Whereas we really don't know what Garrick's acting was like, much less Kemble's or

Macready's. About Irving's there St. Martin's Lane to watch.

numerously, but Miss Palmer's poor, the children were poor, the subjects are a particularly high-grade bunch, not only Gary Cooper and Ronald Colman (and of course Rex Harrison, to whom she was married for 15 years) but also Bernard Shaw and Helen Keller and the Duke of Windsor.

She writes well about them, moreover, amusingly and evocatively. Clearly she is a lady of superior culture, as one might expect from her origin in a good Berlin Jewish family. It is true that she seems not to have found life much of a problem. She quotes with amusement the essay of a Hollywood schoolboy on poverty: "Once upon a time there was a poor family. The father was poor, the mother was

The very dust jacket proclaims the superiority of Lilli Palmer's autobiography, with its red and gold like the old-time HMV "Celebrity" record labels. It is, of course, just gossip, like the rest of the stage lives currently pouring out so

numerously, but Miss Palmer's poor, the children were poor, the butler and the cook were poor and the maid and the gardener were poor...". Yet we read on one page that she and Mr. Harrison hadn't the money to pay the rent and a few pages on that they kept a cook and a nurse. The advent of the Nazis meant that the 18-year-old Miss Palmer lost her job at the Darmstadt rep, but she and her sister supported themselves as Les Soeurs Viennoises in Paris until a film contact started her on her stage and screen career.

Rene Jordan's Streisand is labelled "an unauthorised biography," perhaps because its dutiful account of her career has a downbeat conclusion: "She has betrayed her aspirations and betrayed us who believed in her." I sat opposite Miss Streisand at lunch once and asked her what she would do if the high success of *Funny Girl* deserted her. "Stay home and raise children, I guess," she said. Perhaps this is what she is now preparing for.

*Scene and Hird* is one of those autobiographies that seem to be worked up from old diary notes, playbills and cuttings of all sorts. Miss Hird's life has been virtually confined to acting; if you like her—and who could not—you will like her book.

For the coffee-table, *Call Them Irreplaceable* offers essays on a dozen stars of recent times, each essay decorated with a black-and-white cartoon and a spread of well-chosen but uncaptioned photos. The subjects are Maurice Chevalier, Judy Garland, Noel Coward, Frank Sinatra, Jimmy Durante, Bob Hope, Al Jolson, Jack Benny, Fred Astaire, Marlene Dietrich, Bing Crosby and Danny Kaye, suggesting Mr. Fisher's choice rather than inalienable claims to immortality.

The profiles present nothing new, but they are objective and sensible, well researched and free of exaggerated claims of merit save where these are attributable to the subjects themselves—Al Jolson, for example, announced himself with the phrase "You ain't heard nothing yet." A genuine sense of enjoyment radiates from the pages, though as the author wasn't born until 1945 most of the enjoyment must have been experienced by proxy. Handsomely printed, and—at last—an index.

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## CURRENT WORKS ON THEATRE AND CINEMA



## Agate again

BY T. C. WORSLEY

covers was one in which I was thinking things, unless they are really witty, and irreparably damaging.

But as well as this which is an inexpressible part of the consciousness of the man, he can argue with whom, they're either interesting, especially as many of these names are from a very restricted world.

Then I can no longer remember how well the high standard of interest exhibited here was kept up, with an individualism missing—the point he might indeed should have been taken in this volume selection is in the high strength of I would think, Lord Beaumont. But he was more famous" than either, for he had twin passions: one for the theatre (his theatre, anyhow) and the other for himself. Just as Shaw used dramatic criticism to cut his way to the top, so did Agate. But Shaw's "top" was his own plays, Agate's was his own "celebrity" and he didn't care whom he hurt on the way fast.

James Agate was a brilliant and obstinate dramatic critic of the *Sunday Times* in the 1920s and 1930s when he came down from the *Manchester Guardian*. He made a considerable name for himself which was his prime intention. He was not a great critic, like his colleague Desmond MacCarthy, nor even a good one like Alexander Brumfit. But he was more "famous" than either, for he had twin passions: one for the theatre (his theatre, anyhow) and the other for himself. Just as Shaw used dramatic criticism to cut his way to the top, so did Agate. But Shaw's "top" was his own plays, Agate's was his own "celebrity" and he didn't care whom he hurt on the way fast.

James Agate had an enviable zest, a passionate enthusiasm for anything he was interested in, whether it was instrumental music, chess, tennis, cricket, the actors and actresses of the Edwardian and later periods.

Reading Hazlitt, one feels that Agate had just that gift, to a very high degree, perhaps as high as it comes. It was all dissipated, the drink and whores took over within a few years, but Hazlitt saw it, and through him the shadow of it is preserved.

As a postscript, it seems almost certain that Irving's impact is inexplicable, unless he had his own superbly produced acting alongside young Richard Burton in his first Hamlet. He hadn't yet had a share of that same primary gift.

As a postscript, it seems almost certain that Irving's impact is inexplicable, unless he had his own superbly produced acting alongside young Richard Burton in his first Hamlet. He hadn't yet had a share of that same primary gift.

There was an actress who for ten years had a world at her feet. She kicked it away, and the ball rolled off her reach. But the diaries are stuffed with celebrities, his own and other people's. He does an immense amount of quoting, and extensive quoting, too. There are far more good jokes than bad some brilliant repartee, a lot of false argument, but often advanced with a panache that makes it sound true. Thus of himself (in his favourite subject) he writes:

"I don't know very much, but what I do know I know better than anybody, and I don't want to write about it."

He observed actors from the outside only. And all this leads one to the final objection. Eighty per cent of people are not interested in, and a high proportion positively repelled by, the theatre and theatrical people. I think this is the final down-turn of the thumb at the idea of the full diaries as constituting a masterpiece.

To refrain from saying with

reasons. First, the period he

quite dispassionately for two reasons. First, the period he

is extremely limited to a very small world, round the theatre and he has no ability whatsoever to bring even these people to life, as characters and people's

and that all nine volumes will eventually be republished and will defy posterity.

I don't feel able to judge this quite dispassionately for two reasons. First, the period he

is extremely limited to a very small world, round the theatre and he has no ability whatsoever to bring even these people to life, as characters and people's

and that all nine volumes will eventually be republished and will defy posterity.

Secondly, Agate's acquaintance was extremely limited to a

very small world, round the theatre and he has no ability whatsoever to bring even these people to life, as characters and people's

and that all nine volumes will eventually be republished and will defy posterity.

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# The Executive's World

EDITED BY JOHN ELLIOTT

Companies find it hard to decide what merger arguments influence the Monopolies Commission. Geoffrey Owen suggests that two imminent reports may help.

## A pragmatic approach to mergers

NT record of the Commission suggests adopting too soft in its handling of mergers. Since the beginning of 1973, the Commission has cleared six mergers — only two although they might look different if seven of them were abandoned had the stage of a decision.

The next few weeks are due to prove more merger activity, and Herbert Weidmann, chairman of Eurocanadian Industries, has a special interest in partial shareholding which was also on its views of the particular aspect of policy which has been into prominence, on of partial share-

of Fair Trading, the Secretary of State and Consumer Affairs, has referred to the Commission, has a special interest in mergers — situations in which a company acquires a interest in another, and to control or to influence the other.

### Shareholdings

For example, the led to the decision to increase its in another textile firm, to 29.8 per cent. The Office saw this as a situation within the Fair Trading Act, was advised that it would increase its holding to 29.8 per cent and gave that it would not rehold to seek representation or to be a company in any reference to the Commission would have done what it did and reduced its

share there was not about what a verdict would be a reference had In 1965 the Commission produced a critical report on Iberia's monopoly of cellulose fibres recommended, among

severe restrictions curbs ruling a few months later, required the Swiss interests to reduce their holding in industries. The Com- Whiteley to below 25 per cent. But the significant point was, but in the light that a merger which threatened report, it would have almost to extinguish competi-

### THE MERGER RECORD SINCE 1965

REFERENCES TO THE MONOPOLIES COMMISSION (OTHER THAN NEWSPAPER MERGERS)

	Abandoned after reference	Found against public interest	Found not against public interest
1965-end 1973 Number of references 18	Marley/Redland Barman/Laporte Reed/Bowater Searns/Timpson	Ross/Associated Fisheries UDS/Barton Barclays/Lloyds/Martins Rank/De La Rue British Sidex/TPL Beacham/Glazier Boots/Glass*	BMC/Pressed Steel Dental/Mfg/Anal. Dental* Dentist Supply/Anal. Dental* GKN/Bridle BICC/Pyrenees Thorn/Radio Rentals Unilever/Affied Breweries
TOTALS	4	7	7
1973 to date Number of references 17†	Tarmac/Wolseley/Hughes Glynwed/Armitage Shanks Whessoe/Capper Neill Bewato/Hanson Trust London & County/Inveresk Sears/Nottinham Norvic/Canning	Davy/British Rollmakers Boots/House of Fraser	British Match/Wilkinson Sword Eagle Star/Grovewood/Senley Charter/Sadia NFU/FMC Dentply/AD Int'l. Weidmann/Whiteley
TOTALS	7	2	6

\* Counterfeited situations.  
† Reports on two of these references, Eurocanadian/Furness Whitley and Herbert Morris/management Industries, are expected next month.

been surprising, to say the least, if the Highgate transaction had been cleared by the Commission. It has been cleared by the Commission, which is also an important supplier of this material and which has a very strong worldwide position in the field, proposed to acquire and consolidate the separate holdings; the plan was to develop close co-operation with Whiteley in such activities as technical research, marketing and buying.

The effect of the proposal would have been to eliminate most of what little competition existed within the U.K. market. Hence it was strongly opposed by the transformer manufacturers and by the Department of Industry.

To most people's astonishment the Weidmanns' proposal was cleared by the Commission, on the not very convincing grounds that the Swiss company was a more efficient enterprise and would make better use of its resources than the present management. In the event the transaction did not go through because the City Takeover Panel, in an even more severe restriction, ruled a few months later, required the Swiss interests to reduce their holding in industries. The Com- Whiteley to below 25 per cent. But the significant point was, but in the light that a merger which threatened to extinguish competition, it would have almost to extinguish competi-

tion in a particular market had been cleared by the Commission, which is also an important supplier of this material and which has a very strong worldwide position in the field, proposed to acquire and consolidate the separate holdings; the plan was to develop close co-operation with Whiteley in such activities as technical research, marketing and buying.

The nearest parallel to the Weidmann/Whiteley situation was the Davy/International/British Rollmakers case. Between them the two companies would have supplied about 86 per cent. of the cast iron and cast steel rolls required by U.K. rolling mills. Davy argued that a larger scale of U.K. operations was necessary to meet world competition and that the merger offered substantial scope for rationalisation. The Commission was not convinced, it ruled that the merger was against the public interest, partly on the grounds that the subversion of the British Rollmakers inside a large group whose main interest was something entirely different — contract engineering — would not be good for the rollmaking business.

Another horizontal merger which involved a considerable lessening of competition, though not quite so drastic as the roll-making case, was the acquisition by Charter Consolidated of Sadia, the leading independent manufacturer of electric water heaters. This was a market in which 95 per cent. of the business was in the hands of three companies — Charter's subsidiary, Heatrate, Sadia and IMI Santon (subsidiary of Imperial Metal Industries). Yet the Commission approved the merger because it did not regard the absorption of one of the three main suppliers as a sufficient cause for blocking the deal.

As these examples show, there is no automatic assumption on the part of the Commission that a merger substantially reduces competition. It should be noted that the Commission is examining on its merits and much depends on the

Some of the same considerations apply in the Furness Whitley case. Eurocanadian Shipholdings, a private company with Swiss and Canadian connections and controlled by Mr. Frank Narby, has a substantial minority shareholding in Furness Whitley and has also sought to control Manchester Liners, in which Furness Whitley holds a 61.6 per cent. stake. One what Eurocanadian has in mind for these two companies has never been entirely clear, but the reference of both matters to the Commission was presumably prompted by fears about the disruptive effect which the bidder might have on the management and workforce in the two British companies. The possibility of Eurocanadian pulling out of the Atlantic conference system and starting a rate war has also been a factor, though this is an unusual issue for the Monopolies Commission to deal with.

Apart from the issue of partial and potentially controlling shareholdings, which has relevance for a considerable number of companies, the interest of two forthcoming Monopolies Commission reports will lie in how the protagonists present their arguments and which of them carry weight with the Commission. Because of the Commission's pragmatic approach to mergers, it is very difficult for companies contemplating acquisitions to be sure in advance what the verdict will be.

The best that they can do is to study carefully the tactics followed by companies which have successfully found a way through the Monopolies Commission hoop and make sure that their own arguments are at least as compelling.

### MANAGEMENT TRAINING

## A chairman joins the class

COMPANY CHAIRMEN do not often put themselves through the rigours of a management training course in a group comprising a cross-section of their own employees.

Mr. John Marks, chairman of the family-controlled Trebor Sharps confectionery group, is one of those few exceptions.

Mr. Marks' participation in such a move had its origins in two very different problems. One arose two years ago when efforts were being made to integrate his company's customer service division — a difficult task given that it takes in far-flung warehousing operations — and to reduce high labour turnover at the company's Maidstone factory in Kent.

According to Mr. Marks, the Maidstone project had "all sorts of repercussions" for trying to analyse the difficulties "we discovered that labour turnover was not the thing to study, but instead the way that management operated." This led to a lot of heart-searching, and to changing attitudes with the realisation that opinions of various levels of management had not been valued properly.

### Learning

The other problem Mr. Marks lays at his own door in admitting to having made some blunders after taking over as chairman from his father five years ago and realising that there were certain things he needed to learn.

What is clear from this and the Maidstone experience is that he was converted into a firm believer of management training. And the final upshot has been the setting-up of a management training programme involving 350 people — 10 per cent. of the workforce — and costing in total £50,000. So far over 200 people have completed the course, including Mr. Marks and his brother, who is the managing director, and while it is still rather early to assess the benefits Mr. Marks suggests that "people feel that they are better heard now."

The course is a mixture of residential and in-company exercises. During a week at a country house in Hertfordshire candidates engage in a series of discussions, group projects and customer service office superlectures, with a strong emphasis on psychology to help provoke extreme attitudes — improve skills in human relations. They also have manager who is worried about exercises in teamwork such as being "tested" against building model garages with apparently superior opposition. Lego and putting together or from top-line managers who pentograms which have been do not want to risk having weak links broken down into 18 pieces.

At the same time, the more open attitudes which the course appears to be breeding do lead to less formalised thinking and structures. "The is no doubt that managers do lose some of their authority, but at the same time they learn to feel reasonably comfortable about it," says Mr. Marks.

He admits that the idea of looking at factory systems and seeking ways of improving internal communications.



Terry Kirk

However, this aspect of the ability after he took over the chair from his father about five years ago. He also wanted to give greater opportunity to group members continue their assessments after completing the residential course. This can mean communicating with people in different parts of the country in order either to see the project right through to some form of action being taken at senior level, or to discontinue it.

A feature of the groupings is that a vertical slice is taken through management, from the top right down to supervisory level. Thus, a group may comprise a senior director, several foremen, an area sales manager, a research and development manager, and perhaps two lecturers, with a strong emphasis on psychology to help provoke extreme attitudes — improve skills in human relations.

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Nicholas Leslie

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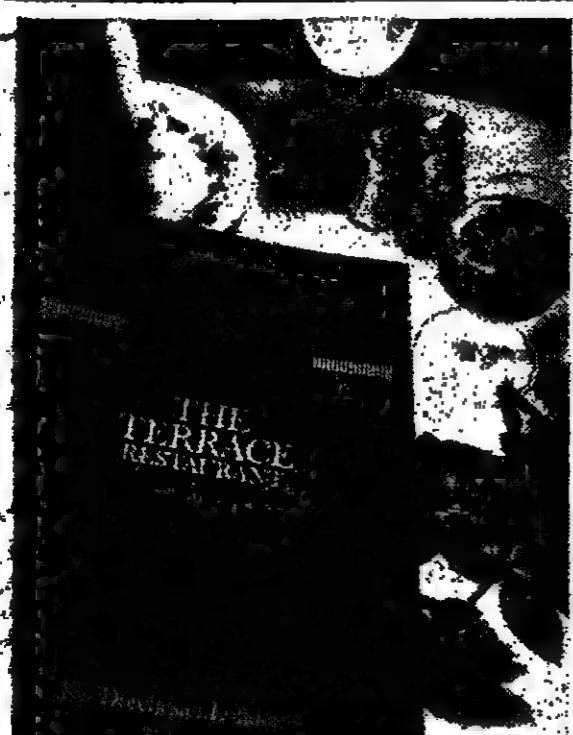
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FRIDAY, APRIL 22, 1976



## The TUC and sterling

**T**HIS FURTHER sharp fall in the sterling exchange rate by yesterday's unemployment figures, which, though not so far in a fairly thin market, so that it may be misleading to suggest those as the any single cause for it; but many people were convinced that the was primarily due to a misreading of the current of the new opinion at the meeting of the Scottish TUC. Certainly the persistent weakness of sterling since the Budget has been largely due to doubts about the ability of the TUC to make and keep another wage bargain with the Government, and the authorities have been only too conscious that sterling was likely to remain weak at least until the result of the present negotiations became known.

A continuous fall in the exchange rate, however, even in the thinnest of markets, not only means a continuous rise in the price of essential imports but may easily generate its own momentum. At some point the authorities must intervene, if only to allay fears caused by the absence of intervention. Their dilemma is that what is needed to sustain sterling is considered politically difficult.

### Unemployment

The news that some rise in MLR is to be expected had the immediate effect of checking the fall in sterling and there may be some further recovery. But there have been other occasions recently when a recovery in sterling was expected and turned out to be smaller than hoped for. The moderate leaders of the TUC may have won a tactical victory in Scotland, but their negotiations with the Government are still in the pre-liminary stage of generalities. No hard-and-fast decisions of detail can be expected from next week's meeting of the General Council, and it may even be that negotiations will continue right up to the time of the special delegate congress in mid-June. The prospect is not attractive.

The odds on some agreement being reached eventually are still reasonably good. They are,

## Dr. Kissinger's new African world

**A**FRICA was one of several areas of the world of which Dr. Kissinger had very little knowledge and very little interest in when he began his direction of U.S. foreign policy in 1969. Unlike the others, notably China and the Middle East—on which he has subsequently become an expert, it has remained a blank, at least until recently. This neglect of virtually an entire continent can hardly be expected to have endeared him to African leaders, even if it can be argued that the neglect was relatively benign. His visit to a number of African countries which begins this weekend will be, by any standards, a difficult one.

### Confrontation

Two factors seem to have awakened Dr. Kissinger's interest. The first is the role that African states play in the series of international negotiations grouped together under the broad heading of the North-South dialogue. These include the United Nations Conference on Trade and Development (UNCTAD), the fourth session of which opens in Nairobi next month and which Dr. Kissinger will address; the UN Conference on the Law of the Sea; and the Conference on International Economic Cooperation in Paris. There have been signs recently—for instance, a major speech on the Law of the Sea two weeks ago—that the Secretary of State now fully appreciates that the successful outcome of all these conferences depends to a very large extent on the American contribution. Whether he will remain consistent in this, and indeed whether the U.S. Treasury will allow him to do so, is another matter, but at least he is now actively seeking to avert a North-South confrontation and the perhaps even greater danger of a split between the western industrial powers on the whole question of the approach to the third world. African leaders should treat his views with respect, for without U.S. participation there will be nothing like a new international economic order.

### Chrome

Dr. Kissinger said in a speech last week that he would be carrying "America's message of hope, social justice, aspiration for human dignity, the rule of the majority and co-operation. Despite the reference to majority rule, that alone will not be enough. There will have to be more evidence that the U.S. is pressing for change in Rhodesia, Namibia and even South Africa itself. There is also one particular area in which he will be asked to act, and that concerns U.S. imports of Rhodesian chrome in disregard of the UN economic sanctions. It may be hard for the Administration to introduce an embargo during the election campaign, but unless Dr. Kissinger can make some promise that the policy will be at least reviewed, he will be in for a difficult time.

**T**HE VOLKSWAGEN Supervisory Board meets in Wolfsburg today to decide whether to build a car assembly plant in the U.S. This must already be one of the longest running investment stories ever followed by the financial Press. If there is no go-ahead this time, it will be a surprise.

The project is clearly delineated: VW would spend some DM600m. (about £125m.) on plant to assemble about 200,000 Golfs (known as Rabbits in America) a year from components brought in from abroad. Barring a last minute argument about job security in West Germany, the trade union and State representatives on the Board will go along with the project, the one remaining question is "where?" The Governor of Pennsylvania is said to be travelling to VW headquarters in a last minute attempt to pull the decision in his direction. Yet the hot tip remains the former Brook Park tank plant near Cleveland, Ohio.

The decision has much about it that is symbolic, because for foreigners Volkswagen has become established as a microcosm of German industry. The rise of the company under Professor Heinz Nordhoff was a symbol of the post-1949 economic miracle. The increasing difficulty into which VW ran during the 1970s was symbolic of a tougher world of floating exchange rates that buoyed the Deutsche Mark mercilessly upwards. The cure of a sharp cut of the VW workforce that was administered a year ago was symbolic of German industry's ability to face up to reality. The decision on the U.S. plant will emphasise a surprising facet of that reality: it will mean that the U.S. has joined ranks with Mexico and Brazil and the many other countries where production is cheaper than it is in West Germany.

### Darkest hour

A year ago, a decision to go ahead in the U.S. would have been unimaginable. On April 15, 1975, a new chairman of Volkswagen, Herr Toni Schmücker, announced at a grim Press conference that the company would shed 25,000 workers during 1975 and 1976. A few weeks later it was disclosed that Volkswagen had lost DM807m. in the oil-crisis year of 1974, and that the figure understated the true deficit. This was the darkest hour. Things then got better at a speed that caught Herr Schmücker by surprise. A motor car market that was recovering in the face of economic depression snapped up VW's new models, particularly the

Golf. The Volkswagen workforce, doubtless demoralised by the black picture that the Press had painted of VW in the preceding months, accepted the management's golden handshake in droves... In May the management withdrew the offer. By August, with the workforce of the parent company, Volkswagen AG, already down by its 18,500 to 93,000, the management was forced to introduce special shifts to keep up with demand.

When at the end of October it became known that Herr Schmücker had arranged to hire 4,000 workers at the beginning of 1976 there was a general feeling that VW had over-reacted to its difficulties and that the head of the metal workers' union, Herr Eugen Loderer, who—at least in public—had said so all along, might have been vindicated.

All in all the change in the fortunes of Volkswagen and its

current year. Both Volkswagen and Ford of Cologne booked more orders in March than Germany. Herr Loderer, the head of the metal workers' union who sits on the VW Supervisory Board said that the price rises showed management to be economically feasible to do so. "nothing but ice cold followers." On the increasing "of the law of profit." On the other hand Herr Schmücker reported this week that even with profit, a dividend would be unlikely in 1976 "because we must make up for a blood letting." Herr Loderer described his official attitude to the VW American plan: "There will be a green light from the representatives of labour for this foreign investment if there is a red light from the management against exchange rate movements as well as cost changes." US labour costs fell 6 per cent during the five-year period. British labour costs rose 40 per

cent. The EEC Commission recently produced statistics showing the changes between 1970 and 1975 of the cost of labour per unit produced in various industrialised countries—all expressed in European Units of Account. In this measure—which reflects exchange rate movements as well as cost changes—US labour costs fell 6 per cent. British labour costs rose 40 per

### Engineering components

On the strength of the figures it would make more sense ultimately to shift more and more of the component production to the U.S. This is not being considered for the moment from a regard for German employment.

In any case the proposed arrangement goes some way in the direction that the German export industry as a whole is being forced to take. The high added-value engineering components are being manufactured in high cost Germany, the lower added value business of assembling finishing and painting is being transferred to the U.S. This is a division of labour that has already become reality when earlier this year Volkswagen won a contract from Chrysler to produce in Germany 300,000 four-cylinder engines and 120,000 transmissions for the American company's small cars.

The entire story will also demonstrate the balanced relationship between labour and capital that is such an important part of West Germany's industrial success. Herr Loderer has stated that "whoever is in a position to plan his capital investment in the medium term must also be in a position to plan his employment in the medium term." He is therefore demanding that VW's level of employment in West Germany may be guaranteed into the future. It is understood that a will be won over to the U.S. project with a clear projection of VW's employment until 1980. Herr Schmücker can produce such a projection because his company is now running lean on labour. He intends to keep that way and feels that what must above all avoid is the temptation to raise the workforce to cope with temporary peaks in demand. "You don't hear anything of expansion so long as my company," he told a German magazine. "It is all quite simple. If we can produce simple, if we can't avoid currency risk in the U.S. market, I prefer making small cars and a German small car are now

the latest figures show that in the Society of Motor Manufacturers suggest that the first quarter of 1976 VW in the U.S. was 4,800 by VW in Germany. This was a really poor year for VW in 1976 compared with 1975. The blame lies chiefly with what German industrialists call bitterly the "era of sinking exchange rates," which has lowered the dollar from DM2.60 in 1970 to DM2.50 in 1976 and which has been a major factor in pushing German production up in the U.S. industry remains

Producing Golfs in the U.S. will not avoid currency risk in the U.S. market. I prefer making small cars and a German small car are now

so VW's share. That's all there is to it."

## MEN AND MATTERS

### Visentini's rough road

Bruno Visentini was the front runner who did not quite make the presidency of Confindustria (the Italian equivalent of the CBI) two years ago. Now, with his formal election due on May 31, he is about to get the job and is bound to face a rough term of office with most observers agreeing that the Communists will soon emerge with some direct role in Government.

In a way Dr. Kissinger is right, but it is not the way of the Africans. As President Nyerere of Tanzania and others no doubt will tell him, if the Africans have to choose between accepting Soviet-Cuban support and white supremacy they will choose the former. It is on this subject that Dr. Kissinger can expect to have his most difficult talks and he will have to go further than he has done so far if he is to convince the Africans that the U.S. opposes White domination.

Ironically enough, Visentini was the Fiat group's own choice for the Confindustria presidency two years ago before Agnelli decided to go forward himself. He is on this subject that Dr. Kissinger can expect to have his most difficult talks and he will have to go further than he has done so far if he is to convince the Africans that the U.S. opposes White domination.

One indication of the difficulties facing Confindustria and Visentini is that apart from the May 31 annual get-together which will see his election, there is to be another conference within three days of the next general election. That is a reflection of private industry's concern over the Communists' future role, with the attendant daunting questions of whether the country's mixed economy is threatened, how much future foreign invest-

ment may be deterred, and whether existing trading relationships will be upset between other countries and Italy as a founder member of the EEC.

Visentini's main task is to try to ensure that the private sector maintains its influence on Government in the face of two other major pressure groups: the trade union movement and the state and semi-state organisations such as IRI, ENI and the like.

The role came easily to Agnelli, no doubt in part because his personal wealth enabled him to carry real conviction without taint of sectoral pleading in his campaigns on behalf of Confindustria. There is bound to be nervousness in Italian industry as his less-well-known successor takes over at what is an intensely difficult moment.

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Roger Dudman is taking the

embarrassment with equanimity, though as he says: "It's not a very happy thing for a bunch of accountants to slip up on."

You can understand what he means. Dudman is secretary of the Association of Certified Accountants, which has just published its 1975 annual accounts. Trouble is, as this week's issue of Accountants' Weekly has discovered, the figures are not all that they might be. On a historical basis, the association had a surplus for the year of £302,305. Then the ACA shows that on the current purchasing power basis of inflation accounting, there is a benefit from inflation of a further £44,000.

Not so, says the magazine. "In fact the current purchasing power statement, while taking credit for an uneven flow of income which saw most money flowing into its coffers in the early months of the year, took no account of the corresponding loss incurred by holding net monetary assets."

The article quotes the associa-

tion as admitting the CPP's justified amount should have been substantially less than the historical cost figure—"perhaps as much as £80,000 lower than the reported CPP surplus" of £346,000. The association's financial position is unaffected, but it all shows what a minefield accounting for inflation can be.

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Vorster try to make apartheid policy more acceptable, or strengthen it? Bridget Bloom looks through the glass darkly.

# Potential flashpoints in South Africa

CA's invasion of the Transkei has been widely condemned. In private conversations, I found that Whites were much more aware of and prepared to negotiate than the Black leaders in South Africa then they were six months ago. This is to undermine confidence in the Black leadership. An Afrikaner right-wing MP who has come to South Africa from the United States says that the possibility of discussing such an eventuality, he agreed, would not have arisen six months ago.

It is now clear that the Black leadership may have improved its position politically. The Government has made some play of the last 18 months, taking the facts of the situation as they are acceptable, internationally. It is still being made to keep it secure. The changes, and increase of detente abroad, with a small amounting of detente's of the White South African government believe that the solution is being made available to us. The Black side—

for obvious reasons much more difficult to talk to, representative Blacks than to Whites—there seems to be a great deal of realism, a continuing deep frustration, but at the same time rather more confidence and even hope that one might have expected. There is no doubt that the advent of Black rule in Mozambique and in Angola, and the evident attempt of Mr. Vorster to get Rhodesia's Whites to accept Black rule, have been largely responsible for this.

As one Black leader, totally

opposed to anything but majority rule (as probably most politically minded Blacks are) put it: "It isn't that we believe we can defeat apartheid overnight. Even if we were to do it in several years' time, we would need help from outside. But probably at no time since the independence of the Transkei, which followed the scheduled for October 26, Sharpeville... have ordinary people been so prepared to come forward, knowing they the Coloureds; and the fourth



On present evidence however—and judged against the numbers of acute problems which will face the Nationalist Government in the next year or two—White South Africa seems more likely to attempt to strengthen apartheid than continue with its "liberalisation" policies of the last 18 months. This is not because of any real threat—from Left or Right, or from the Blacks—to the continuing power of the Nationalists: there seems none at the moment, though Ministers are known to be worried (some observers think unreasonably so) at the activities of the right-wing Herstigte Nasionale Party. The independence (only one of the nine has accepted it) of the Black electorate is now seeing the seal of approval on this key issue more starkly—and having stone of the separate development should make it comparable, while the bustle of the streets exists among Whites of the way to restoring the confidence of the Government in its imperceptibly at first move to the rightness of Government policy.

There would seem four potential domestic flashpoint areas, all or any of which could present challenges to the Government, provoking from it tough or repressive measures. The first is the issue of the Homelands, spearheaded by the Hottentots-Hollanders, which can neither provide a decent living for its inhabitants nor any concrete evidence to its supporters that the Homeland system really works.

(For the record, it should be said that Pretoria has made a considerable effort in the last year or so to develop Umtata, the little Transkei capital: two new imposing office blocks, plus additional housing and an all weather airport under construction should make it comparable, to Mbabane in Swaziland, while the bustle of the streets exists among Whites of the way to restoring the confidence of the Government in its imperceptibly at first move to the rightness of Government policy. Recognition however—by any key African or, just as important, Western State—is far from certain. Pretoria thus faces the possibility of an escalating bill for keeping going an enlarged if nominally "independent" administration which can neither provide a decent living for its inhabitants nor any concrete evidence to its supporters that the Homeland system really works.

But even if a few minor recognitions do come the Transkeians as its citizens.

It is, however, thought that he will accept in the end, partly because Pretoria looks like being increasingly determined to recommend that Coloureds should be given equal political rights with the Whites (through this is often advocated as a way of diminishing the White-Black ratio in the country as a whole). But it may suggest that equality of financial sweetener allowing the Transkei to derive income from those citizens who remain "abroad."

But that still leaves the "citizens" of other Bantustans, whose leaders have rejected in time-table on how progress in that direction is to be achieved.

If it does, the Government faces an awkward choice. The Coloureds are Afrikaans-speaking, and many Afrikaanders have a guilty complex about the Coloureds' present fate. Yet many members of the Government and Party believe that the acceptance of equality in one field would sooner or later mean equality of rights in the political arena—and they do not share the view that the Coloureds would automatically vote on the side of the Whites.

The fourth major problem concerns the economy, now feeling the delayed pinch of world recession. Finance Minister Horwood's Budget earlier this month drastically raised defence spending, but in real terms cut estimates for almost every other Department. The overall retrenchment, already evident in much of the private sector, will, it is thought, be bound to increase unemployment, particularly since they are at the bottom of the ladder—among Blacks.

The Government has rejected right-wing suggestions that Homelands should be created for them and for the last two years has awaited the report of the Eric Theron Government-appointed Commission of Enquiry into their future.

The Report was completed earlier this month: it should now be on the desks of Ministers. It seems highly unlikely to recommend that Coloureds should be given equal political rights with the Whites (through this is often advocated as a way of diminishing the White-Black ratio in the country as a whole). But it may suggest that equality of financial sweetener allowing the Transkei to derive income from those citizens who remain "abroad."

According to a recent estimate, based on what Government figures are available, 10,000 Africans are now joining the ranks of the jobless every month. By mid year it is thought that 8 per cent of the African workforce will be unemployed. It would not be surprising if this leads to an escalation of unrest and protest among Blacks—all of whom still do not have the right to join registered trade unions.

Most probably, South Africa faces its most difficult times for several years past, both in its relations with its neighbouring Black-ruled States, and with its own people. History might prove 1978 to have been a watershed in both respects.

## Letters to the Editor

ing

Vilkina.

It is because of the strength of the British and Industry Federation (B&IF) is worried are alien to mem- teration.

written about this success of the paper industry and essential needs paper trade may is very much trade. I would like the director general and I are very s. Benefits in this recycling waste paper to aware of the cur- de-linking capacity consider, is pitifully country consuming paper that Britain

stirred that the reports that B&IF not were informed of decision of the Paper Association government stock sup-

port the then presi- vice president of government Waste Paper Group, they are all (Waste Paper off) and they were employed by one of the manufacturers of paper the country.

analysis I suspect and I am on the both want to see paper recycled products for the sake of in order to cut im- k and paper. To happy position we things: first, we be risk element of paper market and must increase the ability to convert pre- cuted waste paper substitute. Increased ed everyone, that nothing fundamental with the system and avoid a re-occur- ment by estimating some accuracy. Present forecasting of "ask the custo- thinks he is going believe there can of success.

commissioned some waste paper fore- starts by relating to an established as GDP and this is very disturbing. Both these gen- tlemen failed to grasp the real significance of their argument in relation to the overall economy of the United Kingdom. That this argument should occur at all underlines an urgent need for an official, independent, responsible survey to be undertaken to determine how to use British and imported resources most economically in the building industry, taking into account the long-term interests of this country.

I believe that such a report would confirm that brick, because of its low energy requirements, absence of maintenance costs, proven for centuries—and virtually unlimited supply—is, and will remain, the cheapest, most to the system does not exist only in Colombia. Many other democratic countries in the world, and among them the most advanced in the industrial and

inclined to take them for granted economic fields, are enduring similar attacks from groups or forces that develop the politics of indigenous resources, and we of terror. Such is the present condition of our civilisation.

Alfredo Vazquez Carrizosa, 3, Grosvenor Crescent, S.W.1.

### The pay policy

From Dr. Paul Neild.

Sir.—The article (April 20) which discusses my work on my inflation pay policy states that my inflation calculations are puzzling. I find this puzzling.

May I refer you to the relevant passage in the Budget speech:

"The contrast is seen most clearly if we compare the low pay limit with one which we say, for example, 7% per cent instead of 3 per cent. By comparison with the inflation generated by the higher limit, the low pay limit would make inflation 2 per cent lower at the end of 1978" (Hansard April 6, 1978, cols. 277-278).

The inflation figures I used were, in fact, the Chancellor's own estimates.

Dr. Paul Neild,  
Phillips and Drew,  
Lee House,  
London W1, E.C.2.

### Colombian attitudes

From The Colombian Ambassador.

Sir.—The article by your correspondent in Colombia, Sandra Kendall, entitled "Colombia in turmoil: A challenge to the system" (April 18), suggests

that we spent millions of pounds each year importing timber to do a job which could be done so much better in concrete and at the same time provide more employment in this country.

The present President of Colombia, Dr. Alfonso López Michelsen, is a Liberal statesman who, like his predecessor, is to the extreme left of our political parties and is also supported by Liberals and Conservatives. Since the beginning of his administration in August, 1974, President López Michelsen has made large overtures to the Left wing with the recognition of a new trade union confederation of Marxist orientation and the appointment of a Marxist as rector of the national University. Notwithstanding these factors and the existence of freedom of speech and association granted in accordance with the Colombian constitution, some extreme Left-wing groups have pursued direct attacks on the property and on the armed forces.

With your correspondent states, "a veritable arsenal of Molotov cocktails, explosives and ammunition."

This unfortunate situation needs the special measures that were applied by the Government and the armed forces. In no other country, whatever may be its political ideology, can such direct attacks be allowed. This situation has not compromised the stability of our constitutional system, and the municipal and provincial elections were held on April 18 with full participation of all parties. President Alfonso López Michelsen is willing to maintain political freedom—in Colombia and to continue with his Government's programme of social and economic reform.

May I add that "the challenge to the system" does not exist only in Colombia. Many other democratic countries in the world, and among them the most advanced in the industrial and

regarding energy familiarity with bricks, we are

advanced in the industrial and

### GENERAL

Welsh TUC opens, Llandudno. Scottish TUC ends, Perth. European Trade Union Conference continues, London.

Dr. John Gilbert, Minister for Transport, speaks at annual dinner of Chester Labour Party.

Lord Carrington, Opposition leader in House of Lords, speaks at annual dinner of East Dunbartonshire Conservative Association.

Greater London Young Conservatives annual conference begins, Hastings.

Four-day conference on Recent Legislation and Government Intervention in Industrial Relations opens, Oxford Centre for Management Studies. First-

### To-day's Events

day speakers include Mr. J. E. Mortimer, chairman, Advisory Committee on Dispute Resolution, Grosvenor House, W.1, at which speakers include Lord Chalfont.

**COMPANY RESULTS**

Marshall Cavendish full year.

Sir Lindsay Ring, Lord Mayor of London, plants one of 500 roses given by Royal Horticultural Society in new garden at south of St Paul's Cathedral.

British Tourist Authority five-day conference on Group Communication opens, Grosvenor House, W.1, and will be initiated by Lord Armstrong, chairman, Midland Bank. Other speakers for Management Studies. First-

W.C. 11. Transport Development, Great Eastern Hotel, E.C. 2. Tyneside Investment Trust, Newcastle-upon-Tyne, 12.30. Waterley Cameron, Edinburgh, 12. Woolworth (F.W.), Cafe Royal, W.1, 11.45.

**OPERA**

Royal Opera production of Ponini's (half-year).

**COMPANY MEETINGS**

Aluminium Corporation, Norfolk House, S.W.1. Asia Securities, Chancery Court, Royal Hotel, W.1. BSR, Savoy Hotel, W.C. 11. British Elkem, Hyde Park Hotel, S.W. 3. Britannic Assurance, Birmingham, 12. Carillion Investment Trust, Newcastle-upon-Tyne, 12.15. Inveresk, Connaught Rooms, W.C. 12. Kinloch (Provision Merchants), Waldorf Hotel, S.E.1, 8 p.m.

**MUSIC**

Yehudi Menuhin and Jeremy

Menuhin in concert for violin and piano of works by Bach, Bartok

and Beethoven, Royal Festival Hall, S.E.1, 8 p.m.



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PROTECTS

# Private Patients Plan

# COMPANY NEWS + COMMENT

## Minet profits up by 39% at £6.86m.

INSURANCE brokers, Lloyds underwriters, etc., Minet Holdings reports pre-tax profits up by 39 per cent. from £4.93m. to £6.86m. for 1975, following the rise from £2.43m. to £2.94m. in the first six months.

In the interim report, the directors said they considered the year's results should show a rate of growth of not less than the 15 per cent. achieved in the previous year.

Stated 1975 earnings per 20p share, based on the weighted average during the year, were 1.89p against 5.51p, and 7.4p based on shares as listed at the year end. A net final dividend of 1.89p on capital increased by last October's rights issue, effectively raises the total from 2.16p to a maximum-permitted 3.89p.

Brokerage income for the year increased from £11.8m. to £15.51m. and underwriting agencies income less expenses amounted to £617.000 compared with £590.000.

**Year**

**1975**

**1974**

**£m.**

**Brokerage income**

£15.707

£11.184

**Underwriting income**

£4.361

£3.624

**Invest. inc. and int.**

£1.264

£1.258

**Profit before tax**

£6.858

£5.641

**Tax**

£3.611

£3.541

**Net profit**

£3.247

£2.430

**Attributable**

£2.818

£2.194

**Extraordinary credit**

£0.5

£0.215

**Dividend**

£0.215

£0.182

**Retained**

£0.211

£0.225

**Less expense**

—

£0.000

### INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Aquascutum	24	7	Hutchinson	24	8
Bowater	27	3	Legal & General	27	3
British Assets	26	8	Leslie & Godwin	24	5
B.S.G. Intnl.	24	3	Lyle Shipping	27	1
Cadbury Schweppes	25	1	Marshall (Thos.)	25	4
Civis Discount	28	4	Martonair Intnl.	24	2
Dale Electric	26	2	Minet Holdings	24	1
Ellis & Goldstein	24	6	Mowlem (John)	26	7
Farnell Electronics	27	4	Photo-Me Intnl.	24	1
Francis Industries	25	3	Shaw (Francis)	27	1
G.M.P. Group	27	4	Siemens Hunter	25	1
Glenlivet Distillers	28	3	Slimax Group	25	2
Hewden-Stuart	24	4	Vickers	26	4
Home Charm	28	3	Wilson (Connolly)	27	2
Winn Industries	25	4	—	—	—

The higher turnover has been reflected by improved profit figures.

The outlook for the second half is thought to be at least comparable with the corresponding period. Profit for the year to April 30, 1975 was £504.916. As before an interim dividend is not being declared, and the year-end distribution will be considered in the light of dividends restraint at that time, the directors add. The 1974-75 payment was 1.175p net.

**• comment** Pre-tax profits two-fifths higher at £6.86m. from Minet Holdings for 1975 is considerably more than outside estimates based on the interim indication that profits growth would be no less than the 16 per cent. achieved in the previous year. Undoubtedly the 37 per cent. jump in second-half profits was better than even in-house expectations. U.K. brokerage has been buoyant, perhaps up by as much as the 16 per cent. that has come from overseas, particularly in North America. Currently overseas income accounts for 80 per cent. of the total, and the depreciation of sterling has enhanced reported profits. But apart from the added boost from exchange rate fluctuations, Minet is reaping the benefits of earlier expansion. Both London and overseas Brokers and Minet Airport Insurance Services turned into profit, and for the current year the outlook remains promising going for pre-tax profits of up to £8m. In the meantime Minet remains one of the higher rated brokers, with a yield of only 3.3 per cent. at 125p, adjusting for the rights issue.

## Photo-Me halfway expansion

FIRST HALF pre-tax profit of Photo-Me International expanded from £337,000 to £982,000, and stated earnings per 50p share increased from 6.32p to 18.28p.

Sales, at £8.66m. (£8.13m.) continued to be buoyant, but contributions by overseas companies were enlarged by the fall in the value of the pound, the overseas unit of £1.4m.

However costs and expenses have been well controlled so that

The 40 per cent. profits fall at Martonair International (on a 20p basis) drop in sales of only 4.4 per cent.) Recent surveys have shown a

This announcement appears as a matter of record only.

## Laminaciones de Lesaca, S.A.

### US\$ 25,000,000

Three year loan

Guaranteed by

Altos Hornos de Vizcaya, S.A.

Arranged and Provided by

Wells Fargo Bank, N.A.  
Banco Árabe Español, S.A.  
Bank of America NT & SA  
Chemical Bank  
United California Bank

Agent

Wells Fargo Limited



### DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Per share	Total for year	Total last year
Aberdeen Trust	Int. 1.17	June 25	1.17	1.24	1.35
Aquascutum	Int. 1.24	July 1	1.24	1.24	1.24
BSI Assets Trust	Int. 0.75	July 1	0.75	0.65	0.65
BSC Intnl.	Int. 1.22	July 1	1.22	1.22	1.22
Cathay Schepers	Int. 1.82	June 4	2.42*	2.27	2.27
Clive Disc. Holdings	Int. 1.83	June 4	2.35	4.44	4.15
Dale Electric	2.69	July 2	2.0	1.95	1.95
Embankment Trust	2.0	July 1	2.02	3.48	3.28
Farnell Elect.	2.22	—	0.74	1.42	1.42
Ellis & Goldstein	0.5	July 2	1.54	2.23	2.23
Francis Industries	2.0	June 11	1.11	2.04	2.04
Garnar Scotblair	1.18	May 28	2.15	2.81	2.81
General Investors	1.28	May 28	2.8	3.08	3.08
G.H.P.	4.86	May 29	4.27	7.31	6.72
Golden Hope	Int. 0.45	June 15	1.97	—	—
Hewden-Stuart Plant	0.93	June 15	0.81*	1.27	1.27
Home Charm	1.9	June 3	2.95	2.75	2.75
Lyle Shipping	2.01	June 2	1.88	3.09	3.09
Leslie & Godwin	2.83	June 2	2.23	3.08	3.08
T. Marshall (Loyd)	1.03	May 28	0.75	2.03	2.03
Martonair	Int. 1.44	May 29	1.31	3.08	3.08
Minet	1.29	July 2	0.8	3.38	3.38
John Mowlem	4.43*	July 2	4.03	4.43	4.43
Pengalcan	Int. 1	June 18	2.1	7.0	7.0
Photo-Me	Nil	—	—	1.18	1.18
Second Scottish Inv.	Int. 0.8	July 5	1.85	1.85	1.85
Francis Shaw	2.15	—	0.89	2.15	2.15
E. Shepherd	3.13	June 18	2.78	4.63	4.63
Siemens Hunter	0.98	—	0.89	1.94	1.94
Slimax	Int. 0.36	May 28	0.36	1.28	1.28
Wilson (Connolly)	1.03	July 2	1.03	1.28	1.28
Vickers	4.74	July 3	3.88	7.21	7.21
Wian Inds.	1.3	July 1	1.14	2.23	2.23
Winton Estates	0.63	—	0.63	0.63	0.63

marked shift in sentiment over the past few months with the expectation that prospective business conditions will improve significantly. The group's order books "certainly bear witness to this view in the climate of business opinion," the chairman says.

As a result of actions taken during 1975, overall borrowings decreased in the year by £1.5m. Since January 1, the group has sold or reached agreement to sell further properties and assets surplus to requirements for approximately £2.5m. and it is anticipated that a further £1.0m. will be raised by future sales of surplus properties. As a result of the scaling down of the group's hire-purchase operations, further £300,000 of borrowings have been paid back so far in 1976, and it is anticipated that an additional £1.5m. will be repaid by the end of this year.

Actions taken this year—and those in the pipeline—will have a further material effect on reducing the group's gearing, states the chairman.

### • comment

BSG's trading profits show only a slight improvement but a 17 per cent. drop in interest charges, due to a reduction of £8.5m. in borrowings, has left the pre-tax figure 21 times higher. Its ability to reduce borrowing costs are that loans will be reduced from the current £32m. to around £25m. this year. Meanwhile, on the trading side, the company is looking towards the car safety products division, which accounts for about half its operations, for further growth in the current year, since the car retailing side is not expected to show much improvement, though specialist sales are slightly ahead. At 231, the p/e is 9.2 and the yield 4.5 per cent, covered 24 times.

### • comment

Excluding the Gunn disappointment, Hewden-Stuart managed a 15 per cent. profit gain on turnover up 28 per cent. to £28.3m.—most of the profits improvement having been achieved in the first half. A strong tailing-off of business related to West German activities was evident, particularly in the second half, although reduced profits from this area are expected to be offset in the current year by the A. Gunn operation, now tidied up. The 7.0 per cent. owned company is expected to achieve a 220m. turnover level in the current year, which is in line with H.S.'s present margin, while profit of profits of around 10 per cent. continues to affect, for instance, Teesside operations. But mean-while cash flow has been strong enough to finance some £6m. capital expenditure on plant while total borrowings, including those from A. Gunn, are still only at around last year's level of £3m. The shares are up 3.4 per cent. covered 3.8 times by fully taxed earnings and the p/e is 7.7.

No proportion of trading losses of Gunn are included: they amounted to £33,327 for 10 months. But extraordinary and non-recurring charges of £304,000 before tax relief will be required to make a realistic assessment of the likely outcome.

However, there are grounds for confidence, as there are favourable factors including the strong financial position derived from the group's "enormous cash flow."

No proportion of trading losses

of Gunn are included: they amounted to £33,327 for 10 months

# Midbury Schweppes up % to £38.6m.

## BOARD MEETINGS

CENT increase to table profits, obtained by 20 per cent reported for the year. Chairman of the soft drinks, cond food manufacturer.

And chairman Mr. says that this stars are aiming to increase over last

ing per 25p Ordinances from 4.25p to 3.75-76 and the net total on capital in rights issue, is £2,702,520, a maximum of 2,475,000 with a 25p.

Mr. A. Capbury 76 results, achieved difficult trading back main markets, under growth of the company's basic stability of its products.

£24m was invested in 1975 and in 1976 are going ahead with increased investment, with special

the U.K. in the various export operations rose by 9 per cent, during the year of 1.94256p against 1.783p.

Net asset value per share (excluding goodwill) is shown at 38.65p against 34.92p.

wings are down from 1975 to 51.8m, at chairman adds.

1975 1974 Turnover 11,621,558 13,788,182 Profit before tax 426,478 427,454 Net profit 285,811 288,141 Minority 1,231 2,926 Available 31,8 164,410 Dividend 28,2 Retained 134,620 132,338 As reported in the interim statement, 51 per cent of Siemens Thermo and Co., the leaf merchandising division, was sold for £185,000 cash in October 1975. Results of this company are included for the full year.

This division enjoyed a good year with record turnover and, despite heavy duty increases, the cigar and cigarette trading activities at the luxury end of the market, where the group is strongest, also returned increased profits.

However, there was a sharp decline in profits from the educational and specialist publishing divisions. Following management changes, the extension of activities into certain new areas was terminated by the end of the year.

This abortive programme, coupled with the general cut-back in Government educational expenditure, adversely affected results in this sector.

## Slimma's growth

with a forecast of 1975, Siemens turned in a turnover of 4,473 against 5,272,452.

Turnover was up 1 to £18.62m.

we say profits for this year are running same period of 1975 expected turnaround action and specialist vision, they anticipate for 1976 will exceed

profit forecast was halfway stage, when it's up from 1975, on a turnover up from 133,327.

times per 10p share. Production and sales from all divisions were considerably increased and all companies contributed total for the The group continues to expand its

values and of stock markets. For the past two years we have had unprecedented volatility in all these factors. Our response has not just been defensive: we have increased our capital base, we have achieved record growth in premiums, we are handling a greatly increased volume of business and we have devised new forms of contract for the changing needs of our customers.

If inflation can be controlled, we may expect to see British industry return to a more realistic level of profitability.

However, there is still much misunderstanding about the role of profits and the fact that profits are essential to

provide stable conditions of employment to generate industrial expansion and to finance improvements in State welfare.

The general public has a huge stake in British industry through life policies, unit trusts and membership of pension funds and it is vital that the fundamental importance to every member of the community of an adequate level of profits should be more generally recognised and accepted.

Given the right environment, the Legal and General has the people, the ideas and the determination to achieve a high level of real and profitable growth.

ture business operates at its best in terms of stability, of the economy, of employment, of currency

## Winn earns and pays more

investments in all manufacturing areas and it is anticipated that profits for the year will be ahead of last year's £958,000, the directors state.

As before the net interim dividends on the 25p shares is 0.55p.

Last year's total was 1.97075p.

Statement, Page 28

**£0.25m. fall at Francis Industries**

AT £407,000 profits for 1975 from Francis Industries engineering group, are substantially higher than was expected at the interim stage. They compare with £20,000 previously.

The first half figures reflected a big loss at Clear Hooters, which was being reorganised. The manufacture of valves and horns has ceased and will eliminate the source of the substantial trading losses incurred by that company.

Earnings are shown at 5.74p (7.65p) per 25p share. In the final 1s 3p for a net changed 14.175 per cent gross.

The directors say there are indications that trading conditions are moving towards the end of the year.

At end-1975, group bank borrowings had been reduced by £167,000. Net asset value stood at 69.3p (68.3p) per share.

Results of this company are included for the full year.

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However

# Hepworth Ceramic looks to longer term

# J. Mowlem t. shipping forecast

In his annual report, Mr J. F. Booth, chairman of Hepworth Ceramic Holdings, says he is by no means as pessimistic about the future as the general overall economic situation in 1978, taken by itself, would otherwise suggest.

"In the next two or three years, I am much more concerned with the opportunities which are in front of us with the tremendous amount of work which is being done by the company to take advantage of these opportunities and with the resurgence of private industry which, in my opinion, must come if we are to remain a free nation with a viable economy."

The chairman warn that all the things that the group is doing require investment and it is a precondition of investment that the group "is allowed to make and to retain satisfactory profits and to pay an adequate return to those who invest their money in the company."

As reported on March 19, pre-tax profits for 1975 rose from £7.92m. to £12.88m. with a dividend of 19.34p (18.64p).

An analysis of turnover—£137.5m. (£117.6m.) and trading profit (£100s omitted) shows clayware, £29,090 (£25,885) and £3,658 (£3,772); refractories, £40,830 (£32,723) and £3,600 (£22,579); industrial bricks, £20,500 (£17,554) and £2,184 (£1,509); plastics, £19,518 (£18,743) and £1,187 (£1,271); foundry resins and equipment, £10,626 (£8,589) and £770 (£532); engineering and miscellaneous, £9,473 (£7,283) and £778 (£746); inter-divisional turnover was £2,990 and £3,159.

Following a change in accounting policy the goodwill standing in the balance sheet at December 31, 1974, of £9,729,000, has been eliminated and charged against retained profits as a prior year adjustment.

Contracts placed by the group total some £1.6m. (£1.7m.) and generators following the 1973 miners' strike, there should be to repay premiums funds to contractors for the advantage:

Meeting, Charing Cross Hotel, W.C. May 19 at noon.

Chairman's Statement, Page 23

Dale ahead

46% for

peak £1.6m.

FROM A 48 PER CENT expansion in turnover to £9.41m., pre-tax profit of manufacturers of electric generating sets, Dale Electric International, jumped 46 per cent. from £1.09m. to a record £1.59m. for the year to January 3, 1978. At half-year profits were ahead £11.53m. to £620,442.

The final dividend per 100 share is £2.05p net lifts the total from 4.43p to a maximum permitted

of 4.43p.

Chairman, Mr. Leonard Dale, says the company's success was due to an increase in generating set exports—up 275 per cent—and the quality of its equipment. Despite a reduction in public spending the order book remains at £9m.—"a healthy level," he adds.

In November all Accumulation shares were converted into Ordinary shares raising the issued Ordinary capital to £504,006.

**Comment**

By shifting the selling effort over-

seas, Dale Electric International

was able to use most of its additional 48 per cent. plant capacity that came on stream last year. As a result turnover in the second half of 1977 was up by 61 per cent. and profits by 67 per cent., indicating fully restored margins. The overseas sales effort reversed the traditional U.K. to overseas sales ratio of 70:30. If Dale can maintain the new ratio, it should be able to keep its growth record intact—after the U.K. boom in demand for standby power stations.

The line enabled the company to contract for £1.6m. (£1.7m.) and generators following the 1973 miners' strike, there should be to repay premiums funds to contractors for the advantage:

moment there is no need to fear the fall in the order book (from £12m. to £9m.), which reflects in part the policy of investment rather than softness in demand. Vickers advanced £8.3m. in 1978. There are no less £12.4m. in this year which, given current market conditions, gives a prospective p.e. of 6.5 at £35p.

When reporting £1.59m. for the first half, the chairman, Lord Robens said the full year should match the "excellent" £23.5m. achieved in 1974. That year, he stressed, was affected by the restricted working week in the early part.

Lord Robens now states that prospects for 1978 are good for most of the trading activities, though a slackening of order intake in some areas of heavy engineering had become apparent at the start of the year.

There are signs of continuing recovery at Scottish Northern Investment Trust and if the present estimate of earnings for the current year is sustained, the directors should recommend an increased dividend.

Mr. R. J. C. Fleming, chairman, says in his annual statement that the trust has started on the first housing project of Peterhead Development Company on land sold by Scottish Northern.

Through the 50 per cent holding in Peterhead Development the company will have a continuing interest in the progress of the project.

As known, revenue before tax for the year to February 3, 1976 was £1.3m. (£1.15m.) and dividends total 2.125p net (£2.375p).

The negotiations for a residential development have been successfully completed in October and a 11-year £2m. has been lent to Unibra, a U.K. subsidiary of Standard Pressed Steel Inc. of the U.S. An equivalent amount has been borrowed in dollars from the U.S. parent company for investment in North American plants.

A further £2.5m. is available for a let of £2.675p against 7.321p.

Of the associates, British Air-

craft Corporation again had a very good year, with profits well

above the £1.5m. (£1.35m.) forecast.

It cannot be expected that matching income could be produced overnight from compensation monies, but "we will put these monies to productive use with a minimum of delay."

The annual report and accounts will be posted on May 25 and the AGM held on June 17.

See Lex

**GRAMPIAN HLDS. EXPANDS**

Negotiations have been concluded whereby Thomas Tilling will buy the outstanding 10 per cent minority in its subsidiary William R. Selwood for about £200,000.

The consideration will be satisfied by the issue of 100,000 Tilling Ordinary shares, with the balance of over £200,000 in cash.

Tilling buys rest of Selwood

With its order books holding up better than expected, John Mowlem's pre-tax profits are 26 per cent. higher and have also surpassed by six per cent. its rights issue forecast last November. A break-down of the results shows the group was evenly distributed between the two halves.

The change of Engineering Laboratory Equipment from associate to subsidiary status was a factor in the profit improvement. This subsidiary continues to operate "extremely well" and overall current order books are higher than a year ago, which is a favourable pointer to prospects this year.

At par, the shares are yielding 7.7 per cent. which is above the con-

tracting sector average.

See Lex

**INVESTMENT TRUST COMPANIES**

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are:

Total Assets less current liabilities (£ million)	Company (1)	Shares or Stock (2)	Date of Valuation ('78)	Annual Dividend (3)	Net Asset Value after deducting prior charges at nominal value (4)	Investment Currency Premium (or minus) at market value (5)	Total Assets less current liabilities (£ million)	Company (2)	Shares or Stock (3)	Date of Valuation ('78)	Annual Dividend (6)	Net Asset Value after deducting prior charges at nominal value (7)
<b>VALUATION MONTHLY</b>												
180.6	Alliance Trust	Ordinary 25p	31/3/78	5.35	232.2	240.5	38.6	Ivory & Sime (conf'd.)	Ordinary 25p	31/3/78	0.4	72.1
21.3	Capital & National Trust	Ord. & "B" Ord. 25p	31/3/78	3.25	134.6	133.3	18.5	Viking Resources Trust	Ordinary 25p	31/3/78	†	†
5.2	Cloverleaf Investment Trust	Ordinary 25p	31/3/78	2.75	120.0	120.0	1.8	Leopold Joseph & Sons Ltd.	Ordinary 50p	31/3/78	1.0	55.0
7.9	Direct Spanish Telegraph	Ordinary 25p	31/3/78	3.25	92.3	92.3	1.8	Anglo-Welsh Investment Trust	Conv. Pref. 50p	31/3/78	4.375	55.0
12.1	Dundee & London Investment Trust	Ordinary 25p	31/3/78	3.25	91.7	92.7	1.9	Leopold Joseph Investment Trust	Ordinary 25p	31/3/78	1.15	50.8
37.5	Fife Scottish American Trust	Deferred 51	31/3/78	1.85	67.1	68.8	4.7	Thames Investment Trust	Ordinary 30p	31/3/78	0.4	50.8
10.1	Grange Trust	Ordinary 25p	1/4/78	2.3	100.7	103.5	16.8	Keyser Ullmann Ltd.	Ordinary 25p	31/3/78	5.625	58.3
37.3	Great Northern Investment Trust	Ordinary 25p	31/3/78	3.24	84.0	85.0	9.5	Throgmorton Trust	Ordinary 25p	31/3/78	—	58.3
74.5	Investment Trust Corporation	Ordinary 25p	31/3/78	4.227	231.4	231.1	4.5	Thameside Securities Growth Trust	Cap. Loan Stock 25	31/3/78	—	58.3
65.8	Investor Capital Trust	Ordinary 25p	31/3/78	1.0	84.0	84.0	20.4	Embankment Trust	Ordinary 25p	31/3/78	—	58.3
22.5	Jardine Japan Investment Trust	Ordinary 25p	31/3/78	0.4	144.4	144.4	20.4	Romney Trust	Ordinary 25p	31/3/78	2.15	58.3
5.3	Kingside Investment Co.	Ordinary 25p	31/3/78	0.75	50.5	51.5	1.7	Martin Currie & Co. C.A.	Ordinary 25p	31/3/78	†	58.3
42.7	London & Holyrood Trust	Ordinary 25p	31/3/78	1.35	101.4	101.1	22.7	Canadian & Foreign Inv. Trust	Ordinary 25p	31/3/78	5.5	58.3
+	London & Montreal Investment Trust	Ordinary 25p	31/3/78	0.75	202.9	213.3	33.4	St. Andrew Trust	Ordinary 25p	31/3/78	3.0	58.3
+	London & Provincial Trust	Ordinary 25p	31/3/78	1.0	193.4	204.1	30.7	Scottish Eastern Investment Trust	Ordinary 25p	31/3/78	3.0	58.3
35.9	Mercurial Investment Trust	Ordinary 25p	31/3/78	0.5	40.0	45.8	2.9	Scotinvest Trust of Scotland	Ordinary 25p	31/3/78	1.0	58.3
61.5	United British Securities	Ordinary 25p	31/3/78	54.50	262.90	268.70	54.30	Western Canada Investment Co.	Ordinary 25p	31/3/78	11.5	58.3
+	Baillie Gifford & Co.	Ordinary 25p	1/4/78	2.3	106.0	110.6	18.1	Macmillan J. Lohman Ltd.	Ordinary 25p	31/3/78	—	58.3
44.2	Scottish Mortgage & Trust	Ordinary 25p	31/3/78	1.0	133.4	133.4	18.5	Caledonian Trust	Ordinary 25p	31/3/78	1.3	58.3
+	Save & Prosper Linked Inv. Trust	Ordinary 25p	31/3/78	5.75	231.25	236.5	12.8	Clivedale Investment Trust	Ordinary 25p	31/3/78	5.5	58.3
44.3	Scottish Northern Investment Trust	Ordinary 25p	31/3/78	0.4	144.4	144.4	20.4	Glendevon Investment Trust	Ordinary 25p	31/3/78	1.25	58.3
11.1	Scottish Union Investors	Ordinary 25p	31/3/78	1.35	101.4	101.1	22.7	Glenmurray Investment Trust	Ordinary 25p	31/3/78	1.3	58.3
42.7	Second Alliance Trust	Ordinary 25p	31/3/78	0.75	202.9	213.3	33.4	Scottish & Continental Investment	Ordinary 25p	31/3/78	1.0	58.3
+	Shires Investment Co.	Ordinary 25p	31/3/78	1.0	193.4	204.1	30.7	Scottish Western Investment	Ordinary 25p	31/3/78	1.8	58.3
28.1	Sterling Trust	Ordinary 25p	31/3/78	4.1	193.4	193.4	30.7	Second Great Northern Inv. Trust	Ordinary 25p	31/3/78	81.6	58.3
22.9	Techint Investment Trust	Ordinary 25p	31/3/78	0.4	111.9	113.2	18.3	Naydale Ltd.	Ordinary 25p	31/3/78	—	58.3
22.9	Tribune Investment Trust	Ordinary 25p	31/3/78	0.4	274.0	276.7	33.3	Simpson's Investment Co.	Ordinary 25p	31/3/78		

## 23m. fall at le Shipping

handed profits are reported to £2.15m in 1975 by Le Shipping. The group makes machinery for engineering, against a loss of £20,000.

rs feel that the outgoing general partner, the group's type of trading, can afford to sit high trading prices in current year, than that with the company fleet and the other activities, to achieve a increase in trading in 1977.

ividuals is 2.01p to total of 3.99p, com-

1 of the fleet at the end of 22m., a sum over book values. Race nor the Japanese are included because of difficulty of valuing in commitments, but that if they were could also be ok values.

5 results no earnings payable, but a corporation tax is being made.

1976 1975  
£'000 £'000  
Profit before tax 11,111 17,479  
Interest charges 245,911 157,821  
Profit before tax 422,994 56,559  
Net profit 20,160 151,121  
Extradit debt 30,320 30,320  
Preference 2,377 2,377  
Ordinary div. 10,260 10,260  
Preference div. 10,260 10,260  
Ordinary div. 70,815 70,815  
In general reserve 72,000 73,000  
Dividend 27,100 27,100

## Wilson Connolly record

PROFIT before tax of Wilson (Connolly) Holdings rose 17 per cent to a record £1.21m. in 1975, up 284 per cent from £38k in 1974. The profit is better than anticipated at the interim stage, when it was £27,000 ahead at £64,000.

However, the profit to sales ratio fell from 14.3 per cent to 13 per cent, reflecting cost increases not recovered in higher prices and rents. But the fall in prices and a large increase in sales and some success in restraining overheads.

The net final dividend is 1.03p making a total of 2.03p compared with 1.875p previously.

As to the current year, the chairman, Mr. J. A. Leavey, says the indications are that the group has a fair chance of holding pretax profits at about the level reached in 1975.

The group trades as housing estate builders and developers, building contractors, etc. Meeting, Northampton, May 28.

last 27.45m. profits to £421,896 in 1975. profits expanded to £162,793 and the ex indicated that profits would be for the first.

ENT ISSUES

## EQUITIES

	Stock		1975	
	High	Low	High	Low
155 2214 Barracuda Pl. Ltd. 1921	46.4	44.1	40.0	38.0
110 2020 Bell & Gaskins N.A. 2000	98.30	96.00	101.00	97.14
266 2020 Bell & Gaskins Inv. 14.00	85.00	81.00	85.00	81.00
150 2124 Bensell Ind. 10.00	63.00	58.00	63.00	58.00
152 2124 Bensell Ind. 10.00	67.00	64.00	67.00	64.00

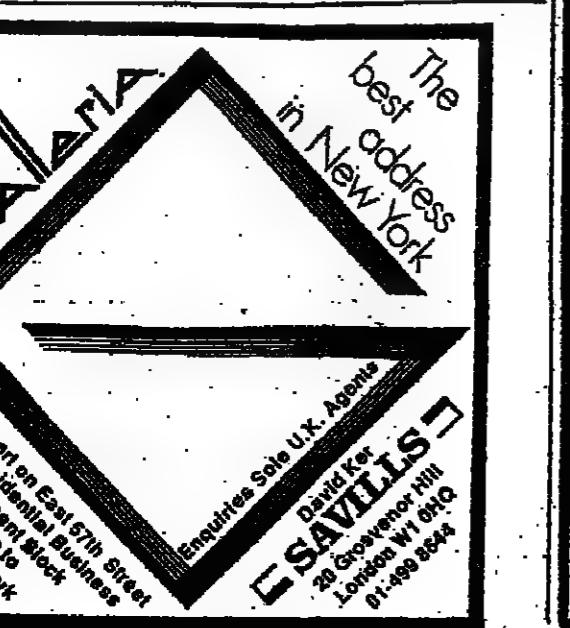
## FIXED INTEREST STOCKS

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152 2124 Bensell Ind. 10.00	67.00	64.00	67.00	64.00

## "RIGHTS" OFFERS

Latest issue date	1976	Stock	Closing price
	High	Low	per cent
154 2214 Barracuda Pl. Ltd. 1921	46.4	44.1	40.0
110 2020 Bell & Gaskins N.A. 2000	98.30	96.00	101.00
266 2020 Bell & Gaskins Inv. 14.00	85.00	81.00	85.00
150 2124 Bensell Ind. 10.00	63.00	58.00	63.00
152 2124 Bensell Ind. 10.00	67.00	64.00	67.00

\* Data usually last day for dealing free of stamp duty. \* Figures based on prospectus estimate. \* Dividends are paid on capital covered by dividends on preference shares. \* Figures based on prospects or other official estimate for 1976. \* Cover allows for conversion of shares now and ranking of rights over the resulting dividends. \* Right of withdrawal. \* Tender allotment price. \* Reintroduced. \* Issued in reorganisation, merger or take-over. \* Introduction. \* Issued in new issues. \* Allotment letters or fully paid. \* Provisional or final letters. \* With warrants.



## More hopeful signs for Bowater

The net dividend is

1975 by £2.15m.

reported from £2.15m. in 1974.

Ver. a loss of £20,000.

engineering, against

£12,000.

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going general partner,

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## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## utch insurance the upgrade

BY VAN OS

**NEDERLANDEN** (Fls.871.5m.). After apportioning interest to the life and non-life revenue accounts, a net result of 1975 results. It balance remains of Fls.38.2m., dividend lift to Fls.37.5m. shares Fls.6.82 up on

The company noted that, mainly owing to the recovery of the market prices of securities, non-life assets have risen. To after allowing for Fls.1.38m. (Fls.875m.). Furthermore, it has been decided to participation by life holders, a pro rata share as well as Euro 1.50m. for taxation of Fls.6.5m. for shareholders' interests, net profit rose to from Fls.12.5m.

ment said that life issues advanced to (Fls.70.3m.) after policy holders participated in the profits (various amounts) to an amount of Fls.270m.

But it added that non-life insurance can ban the year before a (Fls.33.1m.). In aviation, as well as sickness insurance, results attained in surpassed in the year now. And the loss in was significantly

Results of miscellaneous insured, however, with showing losses. A activity, professional showed a profit of

said that income statement and other related to Fls.83.1m.

## anti rationalisation to pay off

HAWTHORN

FRANKFURT, April 22.

TAL Gemini-Werke, Republic's largest contractor, in 1975 before profits of its major and restructuring

But although it the black last year of losses, it is still unwilling to

en Conti will resume

Bahn, the concern's vice, said that the proving Conti's structure continue over the years. A substantial consolidation had been so far gained

Conti's consolidated world turnover totalled DM1.83m. (Fls.31m.), while consolidated group net profits totalled DM4.5m. after a DM18.3m. loss the previous year.

yton Act implemented

PALMER NEW YORK, April 21.

unexpected decision of competition by agreement Morris Federal Court violates anti-trust laws. This ordered a prominent businessman to resign, one of his two "directorships" California-based com-

Miller, a former chairman of Standard Oil of California, was told that directorships with National Bank and Life Assurance stated the Clayton Act. Miller's provisions of interlocking directorates between competing where the elimination

Interpublic Group of America's advertising and marketing arm, Interpublic, has achieved its dominant position by acquisition and bucking the traditional idea in the U.S. that an agency could not handle competing clients without favour. In the past, if agencies merged and there were clients with conflicting interests, it was expected that one of them had to be dropped. However, in 1956, when McCann Erickson predecessor to Interpublic bought Marchalk, it announced that it intended to operate the two agencies as separate identities in competition with each other. This competitive philosophy has continued with Interpublic since its acquisition as much in the early sixties, and is claimed as one of the reasons that it has been so successful with billings, which have shown steady growth over the past decade (apart from a minor setback) to its position of importance in the industry.

Group profit after tax and

Interpublic actually managed to put the division onto a list of customers.

Out of the top 100 U.S. advertising companies, Interpublic now can count 44 as its clients, and the majority of its 29 big-spending clients have been with the company's agencies for decades.

For example, Exxon dates back to 1911, Carnation to 1913 and General Motors from 1930.

Others of note include Coca-Cola, Carreras Rothman, GoodYear, Chevrolet and Phillips Lamp.

## nma Group Limited

INTERIM FINANCIAL STATEMENT

ectors report a profit before tax, subject to audit, for months to 31st December 1975 of £534.000. This with £455,000 before tax for the same period last year. Turnover for the six months was £7,177,000 compared 500,000.

ing the six months under review, production and sales divisions have been considerably increased and all its have contributed to the increase in profits.

Group continues to expand its investments in all trading areas and it is anticipated that profits for the June 1976 will be ahead of last year.

Board has declared a net interim Dividend on the 25th April 1976. 2.23% payable on the 28th May 1976 to all shareholders on the Register at the close of business 20th April 1976.

arison Chairman

Group Limited, Slimma House, Oldstock St., London W1R 2L

Source: White Weil Securities

## Some cheer as Montedison explains losses

BY DOMINICK J. COYLE

**SIG. EUGENTIO Cefis**, head of the big Italian chemical and fibre group Montedison, had the task in Milan to-day of explaining away to shareholders massive losses last year, including as previously announced a passing of the 1975 dividend. But he held out the prospect of improved results this year, at least based on the first quarter of 1976.

The Montedison story is the familiar Italian routine enacted by virtually all major companies reporting this year: depressed

share price as well as Euro

1.50m. for taxation of Fls.6.5m. for shareholders' interests, net profit rose to from Fls.12.5m.

issue, as well as a issue, is on the way, after allowing for Fls.1.38m. (Fls.875m.). Furthermore, it has been decided to

reporting this year: depressed

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## STOCK EXCHANGE REPORT

# Sharp setback in anticipation of increase in MLR Index drops 14.4 to 405.2—Falls to £3½ in Gilt-edged

## Account Dealing Dates

Option

First Declara-

Last Account

Deals Day

Apr. 14 Apr. 14

Apr. 14 Apr. 14

Apr. 14 Apr. 14

Apr. 12 May 25

New issue deals may take place

by the Bank of England

from 9.30 a.m. two business days earlier

The indication by the Bank of

England of a sharp increase in

Minimum Lending Rate to-day

followed the marked weakness in

sterling led to a widespread set-

back in British Funds yesterday.

Speculation about the amount of

increase in MLR caused a

sharp decline in the short-

and Gilt-edged sector where

closing falls ranged to 38.

Losses at the longer end ran up to

21 and the Government's Securi-

ties index lost 1.78 to 61.48.

After its five-day rise of 28.1 to

a 29-month peak on Wednesday,

the FT 30-share index recorded

its biggest one-day fall for 10

months with a drop of 14.4 to

405.2. Selling was not particu-

larily heavy and much of the day's

reaction reflected pre-emptive

marking down by jobbers and the

absence of sumptuous

index constituents usually down

by about 8. Lucas sustained an

average-average fall of 18. in 21%

falling below the level of the promised

20% "right" price.

Elsewhere leading Oils held

relatively steady in reflection of

Wall Street's optimism, but overall

the trend was downwards, falls

led by 4.3 in FT quoted

Industrials while the F.T.

Actuaries All-share Index lost 1.3

per cent to 195.47.

South African Gold shares

remained part of the previous

day's good gains in the earlier

trading but picked up in the

afternoon. Royal Ordnance

shares were again higher.

The Gold Miners Index hardened

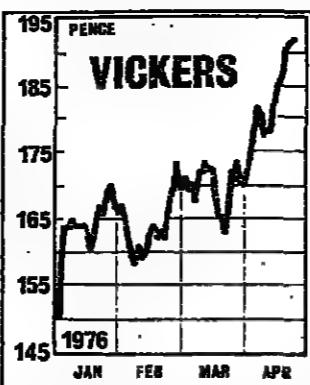
1.4 more to 170.0.

The Bank of England's signal about short-term interest rates and, in particular, to-day's Minimum Lending Rate shock in the market in British Funds and led to exceptional falls ranging from 1.3 to 38. The loss in the short "tap" Treasury rose 2 per cent, 1981, at 92. just over 10 pence, age of the stock market operational since 1960. The first time since the first day of issue. For much of the day, the gilts had traded rather quietly, but the debilitating weakness in sterling aroused uncertainty which turned into confusion following the Bank's message regarding certain discount houses and their borrowings. The last half-hours' trading was hectic with jobbers defensively lowering and widening dealing quotations, a tendency which was reinforced by price rises. Sterling issues were finally above the worst, but still over 2 points lower, while the shorts, with the exception of the "tap," sustained losses extending to 21 points.

Largely under the influence of sterling's weakness, the investment currency premium rose 108.1 per cent, after closing a net 24 points up at 107.1 per cent. Yesterday's SE conversion factor was 0.8905 10.6791.

**Banks depressed**

Indication that the Minimum Lending Rate will be hiked sharply to-day depressed an already dull banking sector. Dealers marked prices down 1.6 and Discount Houses also fell sharply. Alexander & Ross, 15.65, and Allen Harvey and Ross, 23.00, both fell 20, while Gillott Bros, 14.10 to 23.50 and Gillott Bros, 14 to 18.00. King and Shaws dropped 6 to 30p and Jewel Tynne 8 to 70p. Reflecting the third-quarter figures, Ciba closed 5 off at 82.00. The big four Banks managed to close a couple of followed news of a 10.3% real increase above the worst, but still had National Westminster 13 eased 2 to 82p despite higher



balance at 930p. Following their respective preliminary statements Leslie and Gudwin lost 5 to 11.5p and Mace eased a penny to 12.5p. Marked down in the later trade Composites had "Royals" down 16 to 22p.

Breweries were included in the general afternoon downturn. Alfred Goliath 15.65 and Sainsbury 15.65, both 2.5p lower. Marks and Spencer ended 4 off at 81p following an adverse Press mention, while UDS, at 88p, gave up the previous day's rise of 4. Falls of around 3 included Woolworth at 82.00. Higher earnings failed to invite Home Charron, which shaded 3 to 82p. Aquascutum, on the other hand, closed a penny better at 21p on the preliminary figures while Allied Retailers rose to 127p for a two-day gain of 10. In Shoes, Garnett Smith

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# FINANCIAL TIMES REPORT

Friday April 23 1976

## FIRE PROTECTION and SAFETY

Fire losses continue at an alarmingly high rate. This is despite all the appeals and incentives for management to recognise the penalties of fire, the efforts of organisations like the Fire Protection Association, new legislation and greater co-operation from professions like the architects.

The £36m. fire is "malicious or intentional" or "the final tally" at £28.7m.; in other words, 48 per cent of the fires in 1974 came out under £23.7m. The 1975 for which causes could be determined were started either by adults or, more alarmingly, children. Malicious ignition is now recognised as the growth area. In 1972, 143 fires were caused by arsonists, 257 in 1973 and 305 in 1974.

It is calculated on the 1975 provisional figures that 35p in every £100 of Gross National Product was lost through fire, which compares with 26p in 1970.

The evidence of what fire can do to individual companies is overwhelming, and it would be quite inaccurate to suggest that this has been completely lost on management. Fixibrough, gashly as it was, can be seen with hindsight to have done more to shake management out of its apathy than anything else. Literature is all very well, but you cannot force people to read it; it takes a disaster, with appropriate publicity, to drive the message home. In similar vein, disaster films, like "Towering Inferno," have a greater impact than all the preaching in the world.

A number of things have brought about a very definite increase in awareness. But, of late the real spur has been the Health and Safety at Work Act of 1974. This has put senior management in prime position to risk management consultant. Any system and approach under which it is possible to risk management consultant will relate the stories of sprinkler systems turned off for negligence. It is no longer

longer sufficient to observe the maintenance and never turn through the Royal Institute of previous twelve regional panels

Architects is now incorporating on again, or the cases of employees leaving a building in a design to combat fire in its a parallel move with that of nice orderly fashion when fire teachings. Perhaps one could be the fire brigade which is also being but no one has the responsibility to another fire that helped now on the county basis.

The importance of these responsibilities to the work force under the law and the pointed out to the assembly that when developing any new project, management will explore all the alternatives and try to provide for every contingency, employing the best brains and probably taking the advice of outside specialists. He therefore, felt it "curious that in the management of risk which can overnight put a company into bankruptcy, industry tends to delegate responsibility to a relatively low level of management who are almost wholly in the hands of outside advisers. For the most part, industry in the area of fire loss control does as little as is possible to comply with legislative requirements or only that which is imposed upon it by insurers."

Sadly, managements still concentrate on the costs of installing equipment, the loss of valuable management time and the general commercial aspects of a company. But if the Health and Safety at Work Act has to be observed—and indications are that it is being fairly vigorously applied—preserving safety of people is not too far removed from protecting equipment and assets. The two go together and at the end of the day it is a commercial subject.

Managements still respond to the argument that a sprinkler installation will save up to 70 per cent of premiums. They also see that with the rising costs of insurance premiums it is sometimes appropriate to set up captive insurance companies. It is significant that once a captive is created the management's attitude tends to change for the better because the money is coming out of their own pocket. Once converted, it seems, the industrialist often becomes a giving them effective training."

## Big losses continue

By Keith Lewis

about the problem—it is being everyone watches the building Summerland disaster, where the together various representatives use of certain materials in the of different but ultimately dealing with fire prevention on optimism, however. For Certain industries with previously poor records have, in a day-to-day basis. It is no example, there is a healthy demand for both specialist fact, made good progress. Literature and films from the Plastics would probably be appropriate hardware—sprinklers, extinguishers, fire hoses. Fire Protection Association, best example, where insurance etc.—management must ensure that there are people who know how to work the equipment efficiently. And the safety of people extends beyond the employees of the company to other members of the public.

There are dozens of cases which show an alarming lack of system and approach. Any under which it is possible to risk management consultant. The actual design of buildings is now to the fore. In what could be described as a genuine break-

through various representatives of different but ultimately related occupations. For example, the British Insurance Association would be represented as would the chief or assistant chief of the fire brigade. There could also be representatives of the TUC, the Confederation of British Industry, officials of the Health and Safety executives, the local Chamber of Commerce, local authorities and architects. Not all would necessarily be involved but certainly a mixture of some of those mentioned, and the average Panel has been the expansion of the Fire Liaison Panel network. It would probably number around one dozen.

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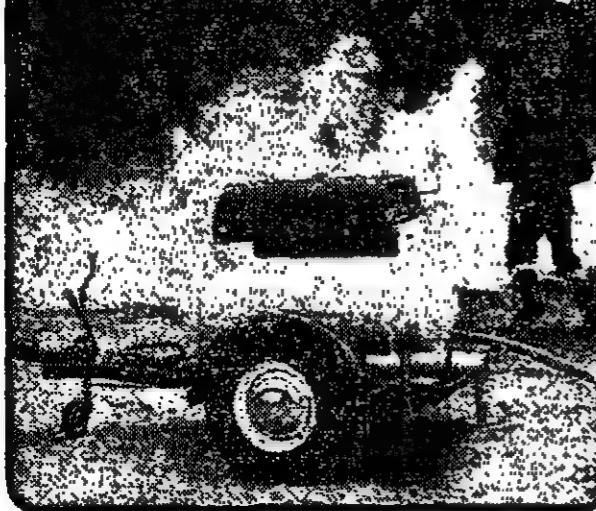
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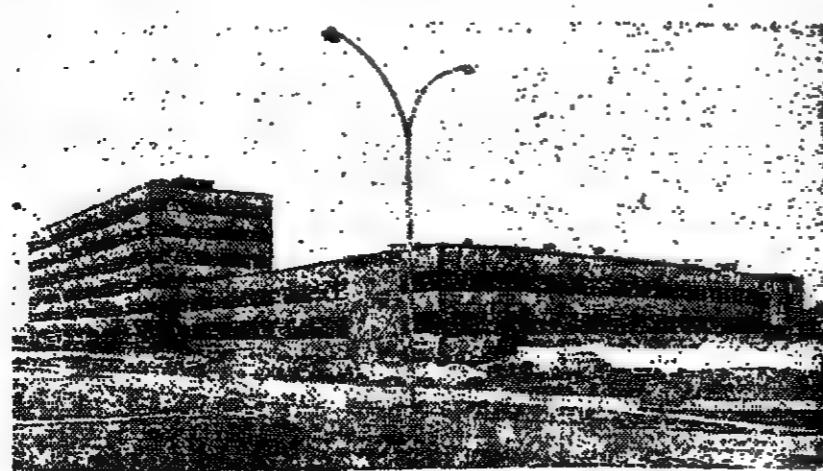
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### FIRE PROTECTION II

# Standards of safety

PUBLIC CONCERN about fire gave details of six case histories safety standards is running at a peak level. This is hardly surprising. Many modern buildings and insulating materials are of a highly combustible nature and modern building designs are still tending ever skywards. Public awareness has also been heightened recently by the film "The Towering Inferno." But there have been plenty of real life dramas over the last five years, illustrating the way fire risks have been compounded by modern design and technology. A paper published after the 1975 Conference of Fire Protection Associations Europe February 1974 at the Jockey Club in São Paulo, Brazil, in problem. It is not always possible to tell, even from laboratory testing, what the true action of a particular material will be in a full-scale fire. All building materials being much better under the force of a man-made fire, but it is likely that the difference in resistance under conditions of a roaring blaze would be virtually negligible.

The Fire Protection Association has given building design a consideration in and this aspect largely in its prevention in industry. As part of the Association's efforts into small Each one is given factory and asked report for the manner in which the building is protected against fire.

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### Tasks

This does not mean however,

that laboratory testing is a

fruitless task only that the re-

sults of such tests should be

assessed alongside several other

factors and they should not be

blindly accepted. Indeed, the

amount of research into the

flammability of materials is

greater now than ever before.

Apart from the research carried

out by the Government and the

Fire Offices Committee (as the

Joint Fire Research Organisation).

The Department of the

Environment has devoted a

division of its Building Research

Establishment to research in

this field. The Fire Offices Com-

mittee has also set up its own

Fire Insurers Research and

Technology Organisation while

the Home Office quite indepen-

dently operates the Fire Service

Technical College at Moreton-

in-Marsh. Also, some industrial

research organisations which

have direct interests in combus-

tible materials have developed

testing facilities. These include

the Timber Research and

Development Association and the

Rubber and Plastics Re-

search Association.

All of these organisations, and

many others which have sprung

up in the last few years, are able

to conduct valuable tests on the

reaction of materials to the

effects of fire, but none of them

probably has the facilities

required to conduct a test on

the fire reaction of a whole

building structure. This is a

vitally important area for research but there

are currently only two organisations

in the U.K. equipped to

carry out such tests. These are

the Safety in Mines Establish-

ment which, following the

creation of the Health and

Safety Commission in 1973, now

### Contingency planning

CONVENTIONAL RISK insurance covering buildings, plant, stock and raw materials will do the job of financing the physical rebuilding of a business should it suffer from a serious fire, but such insurance may only cover the "tip of the iceberg" when it comes to putting the business back on its feet. Even if the plant's efficiency is reduced to nought, bills will still come rolling in and wages will have to be paid, while profitability is down to zero. Therefore there could be a serious cash flow problem before the company can regain its former level of profits.

However, no matter how good contingency plans are, there will inevitably be some disruption to production and profitability, and this is where consequential loss insurance can play a vital role. Though this insurance can be arranged in a number of ways, the idea is to indemnify the insured against a reduction in profits for a set period following, say, a fire.

Consequential insurance is a particularly flexible type of cover and it is possible to get a bespoke policy to suit each company's own requirements. The most common type of policy covers gross profits. This is calculated on expected sales less raw material costs so that all costs including wages are covered. Following a fire the insurance company would make up the difference between expected profits and what the company is actually making.

Because of the sizeable amounts that are involved, premiums are often large. Many companies are therefore tempted to deviate from this straight gross profit type of cover and adjust for variables in the cover with a subsequent reduction in the premium. A fairly common adjustment is on wages. Sometimes management takes the line that wages after redundancy payments can be eliminated if the stoppage in production is for any longer than a month. However, in practice many find that even though the plant may be shut down there is a need to keep on a nucleus of skilled labour for when production resumes. So, even if the plant is soon restored it may be a considerable time before the company recovers from a major setback such as a fire.

A lot of work can be done to avoid the worst effects of a fire by prevention, including the installation of equipment such as sprinklers. Similarly a lot of effort can be put in by way of contingency planning to ensure the swiftest recovery in the aftermath of a disaster. In the age of the computer, with the benefit of a vast amount of information and records assimilated in one place, it is wise to keep this installation distant from the manufacturing area. Also, past tapes should be stored separate from the computer so that if current records should be destroyed by fire, there will be some records available, if only for insurance assessors to work on.

It is essential when calculating expected future profits to allow for planned expansion and inflation, for it is on anticipated income that the business is insured. Equally essential is to insure for a sufficient length of time to allow profits to recover. Cover for 12 months is common, but in the event it may take two or three years before a site can be cleared, a works rebuilt, put into opera-

tion and brought up to the level of profits it would have been making save for a fire.

While consequential loss insurance is, so far, fairly straightforward, it is flexible and can be turned to cover losses that a business might incur because of disruptions at its property still under expansion. A major supplier or customer at a start-up date. This is known as a "supplier or customer" extension. Another variation on the theme which is not covered by the standard policy is the risk of fire damage to a building which is under construction. Such a building is likely to be more vulnerable to fire than a completed building. A variation on the standard policy is the risk of fire damage to a building which is under construction. Such a building is likely to be more vulnerable to fire than a completed building.

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## FIRE PROTECTION III

## Information services

foundation, the organisations, it helps solve fire loss control local problems and technical queries and is on hand for any potential for on-the-spot information." This sound Some idea of the overall effort put into fire prevention by the FPA—the official financial accounts. In 1974 the FPA's total revenue amounted to £280,000—of which Lloyds' put up £195,000, subscriptions to the association brought in £24,000 while sales of published material raised a further £61,000. The organisation has begun to make a wider public, of around 40 of which around two-thirds are technical staff. The activities of the FPA are now members break down fairly predictably across a wide range of promotional functions. It publishes leaflets and general information papers together with a bimonthly magazine called Fire Prevention; it runs training courses, it has made four educational films and a fifth is due for completion this year. The Central Liaison Panel has been formed. Where information publications have concentrated on computer fire hazards and those in high-rise buildings.

## Deluge

This order applies to premises providing accommodation for more than six persons, staff or guests. No lower limit is put upon accommodation above first floor level or below ground floor. There has been

Although its chief concern is a welcome deluge of fire legislation in recent years, and in many areas fire laws have been closely as possible to comply with legislative requirements over ever, roughly four-fifths of all fire deaths still occur in the home. Headway is now being made by some fire authorities in house-to-house visits to bring service finds increasingly time-consuming is the advice that it is given (upon request) on the adequacy of means of escape from premises should a fire break out. The BIA has strongly welcomed the latest fire laws which give legislative protection to a wide variety of fire risks. Officers of the fire brigade will inspect shops and offices, whilst owners and proprietors of hotels and boarding houses must apply to their local authority for a fire certificate.

The activities of the FPA are most recent of the FPA's information publications have concentrated on computer fire hazards and those in high-rise buildings.

## Sprinkler systems

INTL CHANGES, by just one sprinkler while over tax allowances would mean that 50 per cent of the fires were checked by two sprinklers or less and over 70 per cent by five or less.

These figures give a reasonable argument against the extent of water damage but the sceptics of sprinkler systems do not rest there. Explosions could cause a fracture in the water supply pipe and this could upset a system that is designed to get a certain volume of water in a certain area. Because of this latter fact it is also felt that the sprinkler system could be extended beyond its capacity in the event of a multiple fire. This, of course, would include arson which is now accounting for a growing number of fires in this country. As such there are those who argue that the sprinkler system should be used as the last line of defence and not the first and only form of protection that is apparent in a number of cases.

If this there are seen that sprinklers save water damage exceeds the damage to the actual fire. The automatic Sprinkler would not disagree that the water is a sprinkler system and the damage caused by the water had the building protected by a system. They further state that the water damage is small on with that of a

Take the case of a company in a special development area whose fire defences were weak and the consequential losses of a high. The installation of a sprinkler system would result in a premium reduction of anything up to 70 per cent, which is the most efficient method of reducing the risk of fire.

the insurance companies and in less than three years.

Even in a non-development

area where the risk may not be so high the effects of the 100 per cent first-year tax allowances and the premium savings could still mean that the system pays for itself in less than eight years.

An adequate supply of water is of course imperative for the system to operate reliably. After all, it has already been pointed out the importance of getting a certain volume of water in the right place at the right time. The importance of the right type of water supply is emphasised by the grading method adopted by the insurance companies when calculating premium reductions.

## Rebate

To qualify for the highest rebate an installation must have two independent water supplies, one of which must be virtually unlimited, such as a connection from a public water supply, or from an elevated reservoir. A minimum running pressure of 28 lbs/square inch should be available at the highest point of the system.

The savings on insurance premiums could be as high as 75 per cent while at the same time it is possible to obtain grants in certain areas which together with the tax allowances mean resulting in a premium reduction of anything up to 70 per cent, which is the most efficient method of reducing the risk of fire.

Without doubt then sprinkler systems are the best and most comprehensive form of fire protection equipment available today but the point made about the sprinkler being used only as the last line of defence does seem a valid one. It is therefore dangerous practice to just install a sprinkler system, gain the relevant insurance premium reductions and think that is that.

Fire is after all a growing hazard and industry must equally strive to find additional methods of protection if the problem is not to get out of hand.

David Wright

sation liable to a fire risk. For the most part industry does as little as possible to comply with those requirements imposed on it, by its insurers. Industry tends to protect itself against a risk that has not been properly identified, the consequences of which have not been measured.

The fire service is continually updating and expanding its own training programmes and due consultation is made with such fire prevention bodies as the FPA.

At the senior management level there is the Fire Service College at Dorking; at the vocational and educational level there is the Fire Service Technical and Training College at Moreton-in-the-Marsh; while

the Scottish School at Gullane looks after certain fire training commitments north of the border. Elsewhere, the fire service has extramural departments supplying programmes for station training.

Generally speaking, there are four parties most commonly involved with industry in fire loss control.

These are the insurance companies, the insurance brokers, the fire equipment suppliers, and the public fire service.

The insurance companies have as their prime objective the underwriting of specific risks at a commercial profit. Their interest is financial and therefore limited. Their objectives may be similar but they are not necessarily the same as the client they insure.

By the same token the prime objective of an insurance broker is to generate income via the sale of insurance, although some companies—like Brown Shapley—provide some support services for the general management of risk.

The fire equipment manufacturers can advise on their own equipment but they plainly have a vested interest in selling what may or may not be the right equipment for the particular fire risk involved.

The public fire service naturally has as its prime objective the preservation of human life, with the preservation of property coming second.

The fire service can and does advise, but it cannot manage any individual fire risk.

There is no necessity for any fire to become a disaster.

Effective fire loss control management practised continuously can guarantee that unacceptable losses will not occur because the risk will have been identified and measured, while remedial action will have been taken to reduce the risk to an acceptable level.

It is only when such measures are effectively practised that the fire risk is being managed and the corporate ob-

jective met.

Jeffrey Brown

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# SAFETY FOOTWEAR

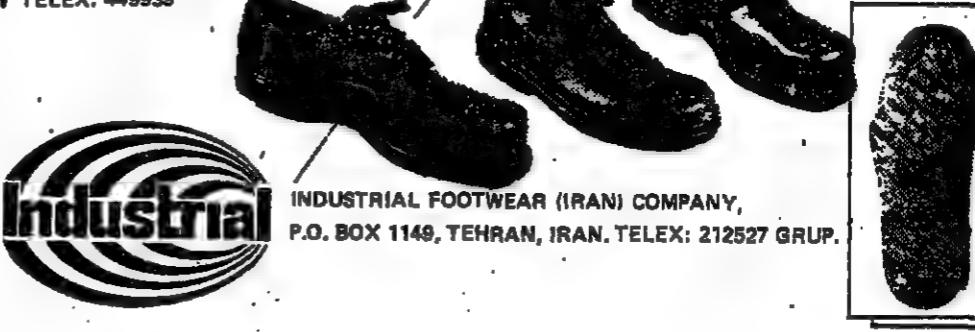


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**Industrial**

The growing use of larger warehouses with a greater height of stacked goods coupled with a move towards more automation has also led to a greater fire risk and here also sprinkler systems are undoubtedly the best form of defence. However, because of the height of the racks it is no longer sufficient to just install one set of sprinklers.

Without doubt then sprinkler systems are the best and most comprehensive form of fire protection equipment available today but the point made about the sprinkler being used only as the last line of defence does seem a valid one. It is therefore dangerous practice to just install a sprinkler system, gain the relevant insurance premium reductions and think that is that.

Fire is after all a growing hazard and industry must equally strive to find additional methods of protection if the problem is not to get out of hand.

David Wright



## This is all that's left of his thriving business.

Many people feel very cosy about their insurance cover.

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## Management attitudes

INT. APATHY to that's the end of that. Fortunately, this blissful attitude, is one of the tides about to come to an end. The Health and Safety at Work Act will see to that. It is no longer sufficient to be employed, earnings, profits per head of else. Top management is obliged not only to ensure employees' safety, but that of the general public. They are required to set up a system of effective communications to deal with any accident, like a fire. They are required to anticipate the rather than follow to the letter developments, like Keith Developments, and that is a rigid set of laws. They have it will emerge. But to make a statement of their internal arrangements. And if, in the event of a disaster, their company has to the insurance portfoli eliminate and a hundred thousand be saved a year to prick up. That is not how the ement consultancies tracting their cus another trait of top management. It is just unfortunate that the job of buying insurance to a relatively ber of staff. So long has been appointed insurance cover of the average company. Similarly, instalment system is all worthy, but quite insurance goes by the system may not even to the curcum may be inadequate. not matter what the mind. He has bought with hard cash, and

and parcel of every day management; to convince them that the protection of the assets and the workforce are in many ways one and the same thing.

The benefits of such a policy are plain for all to see. Mr. Fairies of GKN, the engineering company, pointed out at a recent conference that one of the main concerns of management should be the consideration of consequential loss following a fire or disaster: "these consequential losses will include loss of turnover, possible loss of market, additional and increased overheads, the payment of non-productive and many other extraordinary and exceptional expenses. The totality of which is likely to exceed the cost of the actual physical damage." He pointed out that it is not always the size of the potential fire or explosion but the severity of the subsequent loss.

### Temptation

There is the temptation, as mentioned before, that companies install the most obvious hardware extinguishers, sprinklers, hoses etc., without really incorporating that into any system. As Mr. Fairies says, "Five hoses, fire extinguishers and other fire fighting equipment, is just so much garbage unless it is designed for the hazards involved, it is maintained in good working order, and unless there are human beings available trained and ready to use the equipment effectively." He added later, rather tellingly, that "You should never ask anyone to put their life at risk to protect your

Keith Lewis

# AUTHORISED UNIT TRUSTS

# **INSURANCE, PROPERTY, BONDS**

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings presented below with quotations on London, Irish and, most of which are not officially listed in London, are shown separately and with prices as on the exchange.

## **FOOD PRICE MOVEMENTS**

	April 22	Week ago	Month ago
BACON	£	£	£
Danish A.1 per ton	860	860	940
British A.1 per ton	910	910	910
Irish Special per ton	910	910	910
Polish A.1 per ton <sup>a</sup>	—	—	—
Ulster A.1 per ton <sup>a</sup>	860	860	860
BUTTER (packet)			
NZ per 20 lbst	9.20	9.36	8.63-8.69
English per cwt <sup>b</sup>	47.39-49.73	47.39-49.73	43.39-47.77
Danish salted per cwt <sup>b</sup>	51.73-53.40	51.80-53.20	51.27-53.23
CHEESES			
English cheddar white rindless per tonne	—	—	—
NZ per tonne	934.5	916.5	904.5
Eggs			
Home-prod. Standard	—	8.15-8.60	8.40-8.50
Larpe	—	8.45-8.70	8.45-8.60
BEEF	April 22	Week ago	Month ago
	per pound	per pound	per pound
	p	p	p
Scottish killed sides	—	—	—
Ex KFCI	38.0—41.0	38.0—42.0	38.0—41.0
Eire forequarters	38.0—29.0	38.0—31.0	29.0—31.0
Argentine chilled rump	—	—	—
LAMB			
English	50.0—54.0	50.0—53.0	38.0—44.0
NZ PL+PMs	33.5—37.0	33.0—36.5	31.5—36.0
PORK (all weights)			
—	27.0—35.5	35.5—37.5	25.0—35.0
MUTTON			
English ewes	14.0—20.0	—	19.0—24.0
POLLTRY			
Broiler chickens	24.0—27.0	34.5—36.5	22.5—26.5
* London Egg Exchange	price per 120 eggs.	Delivered.	
* For delivery April 23-30.			

# **WOOLWICH EQUITABLE BUILDING SOCIETY**

## CHANGE IN INVESTMENT INTEREST RATES

Notice is hereby given in accordance with the Society's Rules that the undermentioned reduced rates of interest will take effect on 1st May 1976:

**Share Accounts:** ..... 6.50%  
**Investment Certificates and Issues:** ..... 7.25%  
Investment Certificates issued before 1-6-75: 7.50%

Savings Plan Accounts: \$ 7.75

DEPOSITS RECEIVED FROM THE PUBLIC

**CHANGE IN MORTGAGE INTEREST RATES**  
With effect from 1st Oct. 1970 interest rates on new and existing mortgages & all be reduced by 0.50%. The rate of interest on repayment mortgages of owner-occupied private dwellings will therefore be 10.50%. For mortgages subject to the Government's Option Mortgage Scheme interest rates will be 10.50%.

The normal effect of the reduction will be to shorten the term of repayment. Alternatively, where present monthly payments are based on an 11% repayment table they can be slightly reduced on request to the society's branch. Depending on the mortgage term, the reduction could be between 1%, 1.5% or even 2% depending on the circumstances.

and 4% of the present monthly payments.

P. J. Robinson  
Secretary

# FINANCIAL TIMES SURVEY

Friday April 23 1976

## Swedish Pulp and Paper

Current short-term prospects indicate a recovery for the Swedish pulp and paper industry after the leaner days of 1975. The longer term outlook is also buoyant, although problems of raw materials and energy supply still need to be solved.

**W  
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of worker control over capital woodfree printing and writing formation, are entering a more gradual, for instance, have been uncertain phase. The EEC able to announce price increases decision not to raise the low of 20 to 25 per cent from tariff quotas on paper imports bottom levels reached last year, from Sweden this year is causing when prices tumbled by as concern. Indeed, considerable much as 30 per cent. Board thought is being given to the prices also showed the first future relationship with the signs of moving upwards. These EEC and with the European improvements are, however, pulp and paper makers, who are still tentative and the Swedish producers are resigned to another difficult year in which, however, they hope volume increases in the second half will produce sufficient earnings to compensate for their continuing cost increases.

Last year the recession in Western Europe brought with it a considerable fall in the consumption of pulp and paper, which in turn affected the Swedish industry. Swedish deliveries of market pulp sank by nearly a third from 5.1m. tonnes in 1974 to 3.45m. tonnes and, although the pulp mills worked on average at only about three-quarters of capacity, they had to invest heavily in unsold stocks, now amounting to well over 1m. tonnes. Exports of paper and board dropped by nearly 28 per cent, while production sank by 19.5 per cent from 5.56m. tonnes in 1974 to 4.44m. tonnes and many mills worked at only 75 per cent of capacity. The situation varied considerably from one paper category to another with newsprint deliveries, for instance, declining by only 1.5 per cent against a 47.7 per cent fall in greaseproof and 42.8 per cent in fine paper qualities. Pulp prices were even improved last year thanks to the Nordic countries' common front and to the strikes in Canada which cut back Canadian supplies to Europe, but paper prices dropped by anything up to 30 per cent or even more.

Pulp production and deliveries continued at well below capacity in the first three months of this year, a pressing ahead year but the first increases in payments of these subsidies and greater industrial demand were registered in guarantees for financing their inventories.

### Poker

The pulp situation has developed into something like a game of poker between the Swedish suppliers and their European customers, who have been holding that a combination of soaring stocks at the mills, the economic pressures on the Finnish producers and the end of the Canadian strike would bring prices down. The message from the Swedes is that they expect to maintain their prices through most of the year and to get increases of some 15 to 20 per cent from the beginning of next year, if not the autumn. Their stocks, they believe, are going to be a source of strength not weakness, when the market recovery is in full bloom next year. Their tenacity over pulp prices has been reinforced by the Government's stock support measures, designed to maintain employment. Mills undertaken to keep employment at the level prevailing last June can get state-subsidies amounting to 20 per cent of the increase in the stock values of finished or semi-finished goods. They can also in some cases obtain advance 1974, for instance, the average amounting to some Kr.1.5bn., the forest-based industry was by far the biggest net exporter.

Over the past 15 years, Swedish mills have more than doubled capacity through rationalisation and modernisation measures, in which the trend has been towards increasingly large production lines and automation. Between 1960 and 1974, for instance, the average stock of finished or semi-finished goods. They can also in some cases obtain advance 1974, for instance, the average

### EXPANSION AND PRODUCTION PATTERN

	No. of units		Total annual capacity		Average per mill	
	1960	1974	'000 tonnes	'000 tonnes	1960	1974
Pulp mills .....	137	155	5,570	10,810	44	114
of which						
Mechanical .....	41	24	3,655	3,150	83	90
Semi-chemical .....	4	7	85	440	16	63
Sulphite + dissolving .....	51	33	2,105	2,120	41	64
Sulphate .....	31	31	2,035	6,100	66	197
Paper mills .....	76	66	2,375	5,740	79	89
of which						
Newsprint and magazine paper .....	7	7	785	1,770	112	253
Fine paper .....	13	12	200	450	15	38
Sulphite paper & greaseproof incl. ....						
Soft paper .....	10	8	180	260	18	34
Kraft paper .....	18	14	120	1,220	47	93
Other paper .....	7	7	55	440	12	63
Board & paper-board .....	24	17	405	1,500	17	89
unbleached kraft liner .....	1	2	30	720	30	360

The pulp and paper industry is Sweden's most important currency earner, the keystone to the country's economy. In 1974 exports of Swedish forest products were valued at Kr.17.88bn. (£220m.), of which the forest-based industry was by far the biggest net exporter. During this period the pace of output to meet rising consumption, will have to seek new sources of pulp, either by developing their own machines with much larger widths and higher speeds, producing standard qualities in long runs. The Swedes have, thus, specialised in bulk goods, such as newsprint, sack paper, kraft liner and corrugated fibreboard, processing higher proportions of their pulp production at home. It is now other articles in this survey.) Some Swedish companies, notably MoDo have been reached in economies of scale notably in developing plantations in these countries with the idea of selling at least part of the output. Swedish mills are the to Europe. The pulp supply deal with at greater length in Brussels about the abolition of tariffs. In typical Swedish fashion they are looking for compromises which also protect their interests.

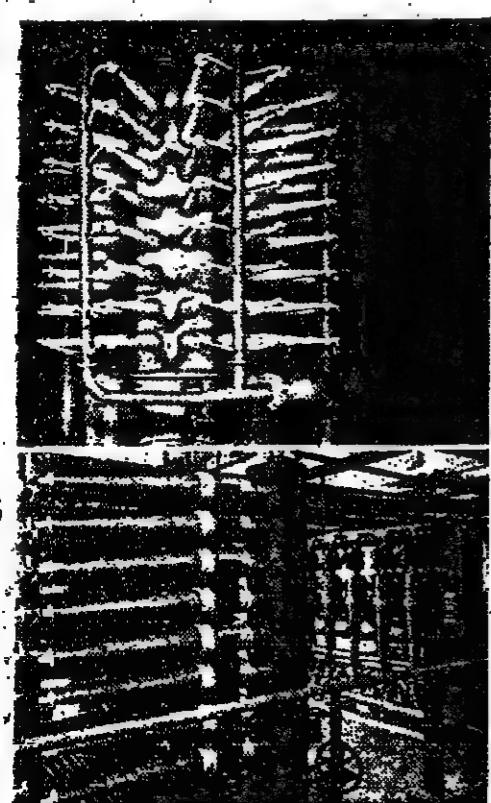
Nevertheless, it is evident that the relative share of Swedish supplies to the EEC papermaking industry is going to drop. The European mills, as they increase output to meet rising consumption, will have to seek new sources of pulp, either by developing their own machines with much larger widths and higher speeds, producing standard qualities in long runs. The Swedes have, thus, specialised in bulk goods, such as newsprint, sack paper, kraft liner and corrugated fibreboard, processing higher proportions of their pulp production at home. It is now other articles in this survey.) Some Swedish companies, notably MoDo have been reached in economies of scale notably in developing plantations in these countries with the idea of selling at least part of the output. Swedish mills are the to Europe. The pulp supply deal with at greater length in Brussels about the abolition of tariffs. In typical Swedish fashion they are looking for compromises which also protect their interests.

Their basic argument is that under a natural product differentiation Sweden would continue to concentrate on the bulk

products in which it has already specialised. The more fragmented European industry would follow a process, similar to that through which the Swedish mills have been progressing for delays in the do-evaluation procedures. The Brussels Commission, reacting to Swedish restrictions on shoe imports decided not to raise the quota ceilings for Swedish paper imports this year.

This Survey was written by William Dulforce, **Nordic Correspondent**

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Which of course means that you pay less for pumping power. The combination of small cleaner diameter (125 mm, 5") and correctly designed inlet head generates high centrifugal forces for effective cleaning of most types of pulp. For some pulps, however, we recommend our new Cleanpac 130 instead.

### Choice of installation possibilities

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Regardless of output volume or available space, you will always find a system to fit.

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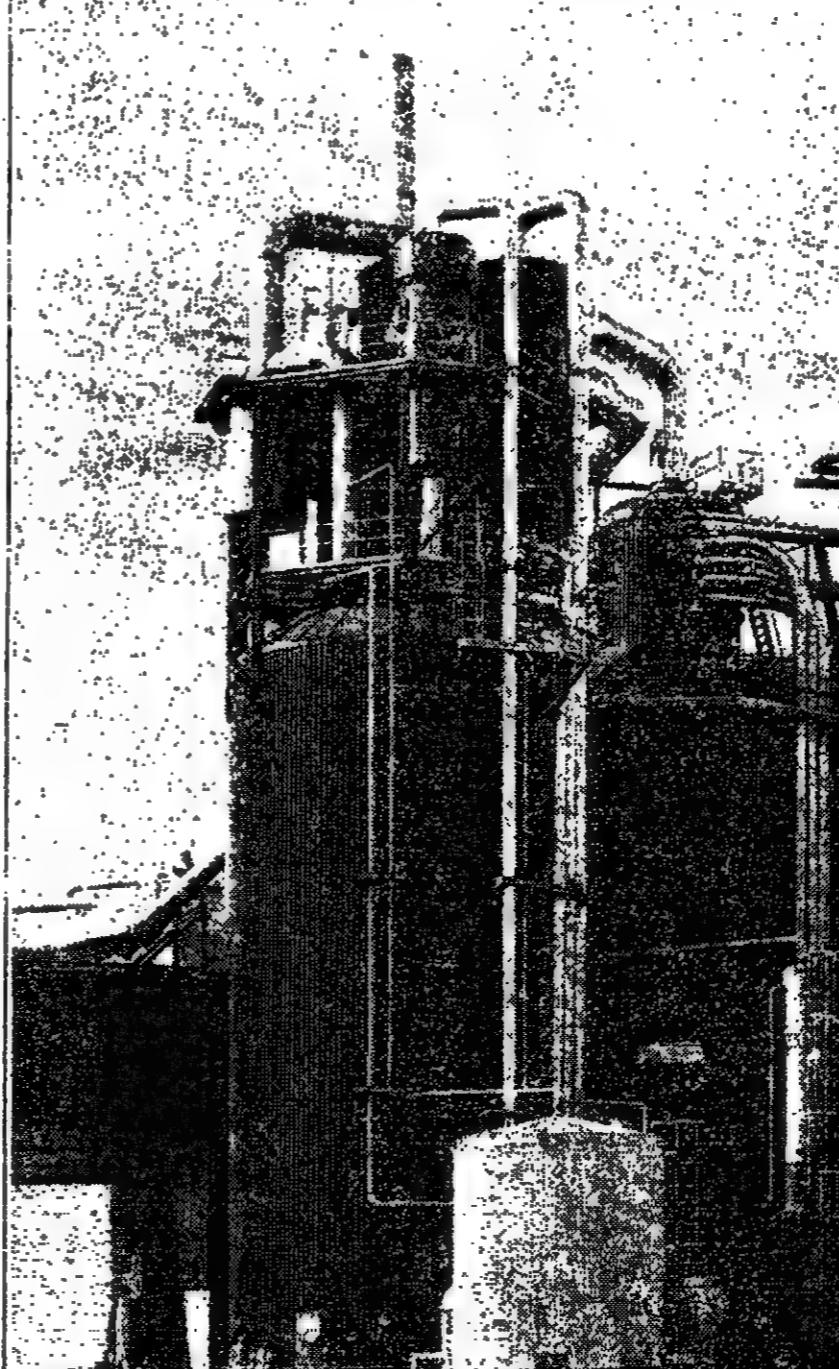
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THE WOOD supply is probably the single most determining factor for the future development of the Swedish pulp and paper industry. There is general agreement that it will impose a limit to expansion but there is so far no agreement about where the limit will lie. It can almost be said that there are as many views as there are experts on the subject. The Government's forestry commission has submitted a preliminary report, indicating that the Swedish forests are being overcut. Many papermakers consider that the report over-dramatised the situation but the Paperworkers' Union reacted with a demand for state control of timber consumption and of the future structure of the industry in order to preserve employment. Some companies have started to import wood, some have invested in forest plantations in South America and Africa, while others argue that expansion based on foreign raw materials is a high risk undertaking.

In short no long-term policy yet exists although a policy is needed and, when finally adopted, will have a fundamental influence not only on the size and shape of the Swedish industry but also on its relations with other industries, first and foremost with the EEC papermakers. This is an un-Swedish situation and certainly by 1977, when the forestry commission is due to present its final report, some kind of consensus will have been reached and the picture will be clear.

The current situation can be briefly summarised. In February last year the commission reported that, if the forest industry's present capacity were fully utilised, the take-out from the forests would exceed their potential growth. Wood consumption during the boom year 1973/74 was 84m. cubic metres against an annual growth of 70m. cubic metres. Cutting at clarified. An advisory working group, comprising Government, industry and union representatives, would have to be followed by a reduction to an annual level work for the Government of 70m. or even 66m. to arrive at a sustained yield. Company men presented a bill to Parliament to the commission's merit for the re-organisation questionnaires indicated that of the Forestry Board and an extension of its control organisation and normal rationalisation.

of existing plant could lead to an annual demand of 90m. cubic metres during the next market boom. Expansion had to be halted and measures had to be taken to improve the forest yield by better management and silviculture and by making use of those parts of the trees at present discarded.

Already in 1974 the industry and the Royal College of Forestry had started a three-year project on whole-tree utilisation (in collaboration with the Finns) with a budget of about Kr.19m. (£1.35m.). Early in 1975 the Pulp and Paper Association initiated a joint industry project to increase their use of thermomechanical pulp, which provides a higher yield from a given amount of wood. In May the industry announced a voluntary co-operation agreement under which the companies undertook not to increase their Swedish wood consumption beyond the 1973 or 1974 level except when an expansion of capacity had been started before March 1975 or had been officially authorised. Three regional timber committees, embracing the wood consumers, the forestry service and the forest owners, were set up to analyse the situation and help bring about agreements between producers and consumers to fit the supply situation. The aim behind the industry's move was to gain a breathing space for a more thorough survey of the wood situation and of possibilities for improving the yield.

In October, in an address to the Social Democrat Party's congress, Mr. Rune Johansson, the Minister of Industry, declared that the Government regarded the industry's voluntary moratorium as only a temporary solution. The Government intended to present an overall industrial policy in 1977, when the forestry commission had published its final results. No further expansion plans beyond 1973/74 were agreed until the picture had been clarified. An advisory working group, comprising Government, industry and union representatives, would have to be followed by a reduction to an annual level work for the Government of 70m. or even 66m. to arrive at a sustained yield. Company men presented a bill to Parliament to the commission's merit for the re-organisation questionnaires indicated that of the Forestry Board and an extension of its control organisation and normal rationalisation.

To oversimplify the situation it may be said that the forestry experts emphasise long-term prudence against short-term advantage. They want to stabilise the overall level of cuttings for some time to come, severely limiting the industry's expansion potential. Some of them believe the major companies owning their own forests and the state foresters have been overcutting, in order to take advantage of the recent high prices and cut back the interest charges in their profit and loss accounts.

The whole tree utilisation project is based on the assumption that the proportion of usable fibre material currently obtained from the tree — about 65 per cent from the trunk — can be increased, if harvesting and pulping techniques are improved. The most recent hints from the project workers suggest that the use of the stump could have increased the 74m. cubic metre take-out of 1973/74 by 5-7m. cubic metres. On the other hand there is more doubt about the value of thinning and branches, where the bark content is high.

Foresters and industrialists appear to agree that the fastest way of increasing growth is by extending fertilization, but this could bring a clash with the environmentalist lobby, which brought about a ban on the use of DDT as a forest insecticide from January 1 last year.

Fertilisation could become a political issue. Environmentalists argue that seepage of fertiliser would affect ground water sources. The introduction of improved seedlings and faster growing species, such as the North American loblolly pine already being planted, will, it is generally agreed, increase forest yields in the longer term, while more consistent forest management could have an even quicker effect. The South Swedish Forest Owners Association estimates that it could improve the growth in its forests from the present 4.8 cubic metres per hectare/year to 5.2 cubic metres or by 8 per cent within ten years by spreading the latest forest management techniques.

Swedish companies have already started importing wood and investing in alternative wood sources abroad. Three dependent on supplies of high, some saw mills have companies. Stora Kopparberg, Swedish pulp, look with a jaun-

Korsnäs Marma and Kopperfors, dived eye at the announced last year that they for greater in domestic consumption of starting plantations in Liberia and Gabon own pulp. If Sweden are helping to support the paper industry, imports from Poland and West Germany.

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MoDo has a joint plantation venture with the Battistella conglomerate in Brazil, covering an area of some 40,000 hectares, of which 8,000 hectares has so far been planted, mostly with pine. The intention is to plant half the area with pine to give long-fibre pulp for kraft paper and half with fast-growing eucalyptus, which will provide a short-fibre pulp suitable for tissue paper. Mr. Carlsson calculates the total costs for imported wood chips at between Kr.150 and Kr.200 a cubic metre.

Even if the import is marginal, he argues, it would allow Swedish pulpmakers to extend their capacity and retain their competitive strength, when faced with competition from new mills.

### Commercial

If MoDo's short-term aim is to import chips from Brazil, it is also calculating in the longer run on selling pulp produced in Brazil to West European papermakers. At this point we encounter considerations which have as much to do with commercial policy as with profits. The Swedish pulp and paper makers are keenly aware of the need to maintain the commercial goodwill of the EEC, whose members are keenly aware of the need to maintain the commercial goodwill of the EEC, whose

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However, the plan is to link

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more finely adjusted.

If successful, the project should

not only tighten up the internal

control of pollution but could

bring significant economic

advantages.

The Nordic project also

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# Raw materials policy needed

THE WOOD supply is probably the single most determining factor for the future development of the Swedish pulp and paper industry. There is general agreement that it will impose a limit to expansion but there is so far no agreement about where the limit will lie. It can almost be said that there are as many views as there are experts on the subject. The Government's forestry commission has submitted a preliminary report, indicating that the Swedish forests are being overcut. Many papermakers consider that the report over-dramatised the situation but the Paperworkers' Union reacted with a demand for state control of timber consumption and of the future structure of the industry in order to preserve employment. Some companies have started to import wood, some have invested in forest plantations in South America and Africa, while others argue that expansion based on foreign raw materials is a high risk undertaking.

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# Recovering the waste

the first country which are already established in d to legislate for the field and have adequate recovery, a measure know-how. Non-profit making be said to reflect organisations which have been a discipline of the running "genuine" collecting be serious with operations will also be allowed are tackling the continue.

problems of their. As far as the households are industry. Moreover, concerned, compulsory separation among paper collection applies only to newspapers realised, Sweden and periodicals. This represents a major importer the area where the biggest advance can be made. The total Britain, during the consumption of newsprint and magazine paper in 1974 was

producers, in about 435,000 tonnes, of which Island and West recovered, households contributing a mere 80,000 tonnes. The industry calculates that it should be possible to recover a further 150,000-200,000 tonnes a year.

A fairly large number of companies with plant for sorting and baling are already engaged in the waste recovery field with about ten of the bigger ones functioning as wholesalers, selling waste paper to both Swedish and foreign mills. Smaller quantities are collected by charitable organisations and sports associations.

## Doubled

The total consumption of waste paper in Sweden is expected to be more than doubled between 1974 and 1980 from 346,000 tonnes to about 800,000 tonnes. The board manufacturers will continue to expand their use of waste corrugated fibreboard and solid board, but there is less to be gained in this field, since between 55 and 60 per cent of the consumption of fibreboard and solid boxes is already collected.

Both the Government and the mills are confident that the public will obey the law and that household refuse will be properly sorted before collection. An earlier pilot project in the town of Orebro, in which householders were asked voluntarily to sort into three categories, paper, glass and metal, has got off to a flying start and faded only because of a breakdown in the collecting system.

It may have been this experience which led the Swedish paper mills, while welcoming

### UTILISATION OF WASTE PAPER IN SWEDISH PAPER AND BOARD PRODUCTION

	1975	1974
	tonnes	tonnes
Waste corrugated fibreboard and solid board	142,000	139,000
Newspapers and periodicals	90,000	90,000
Other qualities	83,000	87,000
Total	315,000	346,000

Source: Swedish Pulp and Paper Association.

the new Act, to underline that among companies they must be assured of a continuous and reliable supply of cross-running.

At present the mills using waste are holding stocks considerably larger than six weeks' production requirements. They have pointed out that the equivalent of local authorities or their appointed agents should not start collecting from households until they have reached long-term agreement with the mills.

Such agreements inevitably raise the question of the price to be paid for waste paper. The mills accept that the price must be related to that of virgin pulp and more stable than has been the case on the Continent and in Britain. The current price for newspaper and periodical waste free mill averages Kr.275 (534) a tonne, which is roughly in balance with the cost of virgin pulp.

The mills are anxious to avoid the kind of stockpiling and consequent pressure on working capital which British papermakers have experienced during the past year or so. The common practice in Swedish mills is to keep raw material stocks equivalent to about six weeks' production, and they believe the same practice should apply to waste paper.

Most mill managers planning production based on waste feel that the new Act will offer them a more secure supply than the freer market system operating elsewhere in Europe. The mills are already planning to co-operate in a transport system from the waste collection centres. As with timber transport this will take the form not year. In addition to the two newsprint manufacturers, Obbola, the new kraft liner mill

which is a joint venture between SCA and the American St. Regis company, started to use corrugated fibreboard cartons and waste from the corrugated fibreboard industry.

Holmens has invested Kr.15m. (£1.9m.) in the first stage of its de-linking and recovery plant, which will take 40,000 tonnes a year of newspaper and periodical waste. A further Kr.15m. will be invested in a second stage to double intake, allowing some 12 per cent of Holmens' total newsprint production to be based on recovered materials.

Stora Kopparberg has invested about Kr.14m. in the recovery plant at its Kvarnsveden mill to give an initial capacity of 25,000 tonnes recycled newsprint, which will eventually be increased to about 100,000 tonnes a year.

Holmens calculates that the cost of collecting the waste and taking it to the baling station is about Kr.100 a tonne. Sorting and baling costs roughly another Kr.100 a tonne, and the investment in the baling and sorting equipment would bring costs to Kr.220-230, leaving a relatively meagre profit for the collector from the average free mill price of Kr.275 a tonne. However, the present collecting system allows a lot of room for rationalisation, which will be more easily achieved when the waste recovery Act is applied and each collecting authority or firm holds a monopoly in a given area.

The long-standing export of waste to the Continent dropped by 44 per cent to 78,200 tonnes, with the biggest falls being noted in West Germany and Italy. Imports increased by some 12,000 tonnes to just over 56,000 tonnes, the bulk coming from Denmark and West Germany.

Utilisation of waste is expected to rise substantially this year, not least because three large mills introduced waste into their production last year. In addition to the two newsprint manufacturers, Obbola, the new kraft liner mill

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welcome your problems with enthusiasm: Drop us a line.

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## Export problems

ISH pulp and paper sport policy towards the EEC, is to delivery and price which is essential for planning and development of its own and the mills. Few Swedish ads would quarrel statement and one cutive after another not the competitive free market — they are jealous but the need for with the continued British producers. massive attitude is use of strong critic ear from some of can customers. In small European depend on supplies pulp. At the same paper companies themselves to be unsumitted against. EC Commission and Council of Ministers year to freeze all ceiling on paper and board

was unhappy for paper exports falling by roughly in the 1974 peak to £1.45bn., but impositions which for the future. pulp declined by 1% in volume but by 5% in board exports hand dropped by 2% in tonnage per cent. in value. reflect the success of companies' efforts to a price of pulp slump in demand first quarter of the

Nevertheless, the European paper makers have not been amused by the joke that it would pay to buy up paper on the continent, cook it and re-sell it as pulp. For much of last year the relationship between pulp and paper prices was awry and Louis de Meers, managing director of the Belgian paper company, Intermill, complained that at the same time as the Swedish mills kept pulp prices high, they occurred in the fall of paper prices. He commented ironically about reports that the Swedish companies were contemplating investing in new paper machines. Mr. E. Ten Duis, President of the Dutch KNP concern, warned that the EEC would protect its paper industry and noted that the freezing of the quota ceilings on paper imports from Sweden could only be the harbinger of further counter-measures.

The EEC/Swedish free trade agreement, listing paper and board as sensitive products, stipulated that EEC tariffs on them would be abolished over a transitional period of 11 years. Indicative ceilings, due to rise by 5 per cent. each year are applied to all important paper products with the exception of newsprint. If the ceiling is exceeded, the EEC can apply the full tariff of 12 per cent. on the extra quantities.

Before the discussion of the rear, which brought the American prices more 1976, ceilings last year the Swedes, aware of the effect of decline among the EEC countries, which together took 2.1m. tonnes of Sweden's total paper

would not get the full 5 per cent rise on all qualities. How-ever, just previously Sweden had the Swedish mills' bulk strengthened their chances of getting through 1976 without any imposed restrictions on shoe products, did best among the imports on the grounds that the paper qualities with total remnant of its domestic shoe exports declining by only 1.5 per cent. to 881,000 tonnes. A reasons of defence. The EEC Commission took the opportunity to retaliate by freezing all the paper imports from Sweden last year, but the Swedes, together with other Nordic suppliers, are raising the price of newsprint on the British market from £173 to £188 per tonne of 50 grammes. An increase motivated by the fall in the value of sterling and rising costs at the mills. Suppliers are already talking about further increases this year.

They are not, however, satisfied with prices, although they have more than doubled over the past two years. On May 1 the Swedes, together with other Nordic suppliers, are raising the price of newsprint on the British market from £173 to £188 per tonne of 50 grammes. An increase motivated by the fall in the value of sterling and rising costs at the mills. Suppliers are already talking about further increases this year.

In some other qualities there have been faint stirrings in demand during the first three months of this year without any really significant increases to motivate the price rises. The Swedes are eager to make, in order to recapture ground lost last year. In 1975 fine paper prices dropped by as much as 30 per cent. with a 43 per cent. fall in export deliveries. Kraft paper, another bulk Swedish product, declined 37 per cent. in volume and some 15 per cent. in price. As late as December the Nordic suppliers were forced to drop Kraft paper prices by 12-15 per cent. after a surprise reduction by the Americans.

A survey carried out by the Swedish Central Statistical Bureau in February indicated that the Swedish mills anticipate a 22 per cent. increase in the value of pulp exports this year and a 24 per cent. increase in paper and board, to give a total export value of Kr.14.4bn. (£1.8bn.) against Kr.11.7bn. in 1975. In each case the real recovery is expected to come in the second half of the year.

Stocks of pulp at the end of 1975 were 1.15m. tonnes and have grown somewhat since. The mills do not anticipate any significant fall in the stocks this year and affirm their intention of carrying the bulk over into 1977. Production should be well below full capacity but high enough to account for the 22 per cent. rise in export value without a price increase.

In the paper and board qualities, on the other hand, higher prices are expected to account for a larger proportion of the increase in export income.

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## BRITISH FUNDS

High	Low	Stock	No.	Pr.	Y.M.	Price	High	Low	Stock	No.	Pr.	Y.M.	Price
Shorts' (Lives up to Five Years)	18.43												
Treasury Dept 1970	99.2	2	6.28	229			124	95	4.0	126	93	5.17	287
Treasury Dept 1971	99.2	2	6.28	230			124	95	4.0	125	93	5.17	287
Treasury Dept 1972	99.2	2	6.28	231			124	95	4.0	125	93	5.17	287
Treasury Dept 1973	99.2	2	6.28	232			124	95	4.0	125	93	5.17	287
Electric Co 1974	97.4	1	6.03	233			124	95	4.0	125	93	5.17	287
Treasury 1994 77.74	101	18	11.39	234			124	95	4.0	125	93	5.17	287
Treasury 1984 77.74	101	18	11.39	235			124	95	4.0	125	93	5.17	287
Treasury 1985 77.74	101	18	11.39	236			124	95	4.0	125	93	5.17	287
Treasury 1986 77.74	101	18	11.39	237			124	95	4.0	125	93	5.17	287
Funding Corp 1974	99.2	2	6.28	238			124	95	4.0	125	93	5.17	287
Treasury 1987 77.74	101	18	11.39	239			124	95	4.0	125	93	5.17	287
Treasury 1988 77.74	101	18	11.39	240			124	95	4.0	125	93	5.17	287
Treasury 1989 77.74	101	18	11.39	241			124	95	4.0	125	93	5.17	287
Treasury 1990 77.74	101	18	11.39	242			124	95	4.0	125	93	5.17	287
Treasury 1991 77.74	101	18	11.39	243			124	95	4.0	125	93	5.17	287
Treasury 1992 77.74	101	18	11.39	244			124	95	4.0	125	93	5.17	287
Treasury 1993 77.74	101	18	11.39	245			124	95	4.0	125	93	5.17	287
Treasury 1994 77.74	101	18	11.39	246			124	95	4.0	125	93	5.17	287
Treasury 1995 77.74	101	18	11.39	247			124	95	4.0	125	93	5.17	287
Treasury 1996 77.74	101	18	11.39	248			124	95	4.0	125	93	5.17	287
Treasury 1997 77.74	101	18	11.39	249			124	95	4.0	125	93	5.17	287
Treasury 1998 77.74	101	18	11.39	250			124	95	4.0	125	93	5.17	287
Treasury 1999 77.74	101	18	11.39	251			124	95	4.0	125	93	5.17	287
Treasury 2000 77.74	101	18	11.39	252			124	95	4.0	125	93	5.17	287
Treasury 2001 77.74	101	18	11.39	253			124	95	4.0	125	93	5.17	287
Treasury 2002 77.74	101	18	11.39	254			124	95	4.0	125	93	5.17	287
Treasury 2003 77.74	101	18	11.39	255			124	95	4.0	125	93	5.17	287
Treasury 2004 77.74	101	18	11.39	256			124	95	4.0	125	93	5.17	287
Treasury 2005 77.74	101	18	11.39	257			124	95	4.0	125	93	5.17	287
Treasury 2006 77.74	101	18	11.39	258			124	95	4.0	125	93	5.17	287
Treasury 2007 77.74	101	18	11.39	259			124	95	4.0	125	93	5.17	287
Treasury 2008 77.74	101	18	11.39	260			124	95	4.0	125	93	5.17	287
Treasury 2009 77.74	101	18	11.39	261			124	95	4.0	125	93	5.17	287
Treasury 2010 77.74	101	18	11.39	262			124	95	4.0	125	93	5.17	287
Treasury 2011 77.74	101	18	11.39	263			124	95	4.0	125	93	5.17	287
Treasury 2012 77.74	101	18	11.39	264			124	95	4.0	125	93	5.17	287
Treasury 2013 77.74	101	18	11.39	265			124	95	4.0	125	93	5.17	287
Treasury 2014 77.74	101	18	11.39	266			124	95	4.0	125	93	5.17	287
Treasury 2015 77.74	101	18	11.39	267			124	95	4.0	125	93	5.17	287
Treasury 2016 77.74	101	18	11.39	268			124	95	4.0	125	93	5.17	287
Treasury 2017 77.74	101	18	11.39	269			124	95	4.0	125	93	5.17	287
Treasury 2018 77.74	101	18	11.39	270			124	95	4.0	125	93	5.17	287
Treasury 2019 77.74	101	18	11.39	271			124	95	4.0	125	93	5.17	287
Treasury 2020 77.74	101	18	11.39	272			124	95	4.0	125	93	5.17	287
Treasury 2021 77.74	101	18	11.39	273			124	95	4.0	125	93	5.17	287
Treasury 2022 77.74	101	18	11.39	274			124	95	4.0	125	93	5.17	287
Treasury 2023 77.74	101	18	11.39	275			124	95	4.0	125	93	5.17	287
Treasury 2024 77.74	101	18	11.39	276			124	95	4.0	125	93	5.17	287
Treasury 2025 77.74	101	18	11.39	277			124	95	4.0	125	93	5.17	287
Treasury 2026 77.74	101	18	11.39	278			124	95	4.0	125	93	5.17	287
Treasury 2027 77.74	101	18	11.39	279			124	95	4.0	125	93	5.17	287
Treasury 2028 77.74	101	18	11.39	280			124	95	4.0	125	93	5.17	287
Treasury 2029 77.74	101	18	11.39	281			124	95	4.0	125	93	5.17	287
Treasury 2030 77.74	101	18	11.39	282			124	95	4.0	125	93	5.17	287
Treasury 2031 77.74	101	18	11.39	283			124	95	4.0	125	93	5.17	287
Treasury 2032 77.74	101	18	11.39	284			124	95	4.0	125	93	5.17	287
Treasury 2033 77.74	101	18	11.39	285			124	95	4.0	125	93	5.17	287
Treasury 2034 77.74	101	18	11.39	286			124	95	4.0	125	93	5.17	287
Treasury 2035 77.74	101	18	11.39	287			124	95	4.0	125	93	5.17	287
Treasury 2036 77.74	101	18	11.39	288			124	95	4.0	125	93	5.17	287
Treasury 2037 77.74</td													

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## Cod war settlement appears near

BY MALCOLM RUTHERFORD

**A SETTLEMENT** of the six-month cod war between Britain and Iceland is believed to be in sight, after mediation efforts by Norway and West Germany.

Mr. Roy Hattersley, Minister of State at the Foreign Office, is in Oslo discussing the matter with the Norwegians.

Although diplomatic sources are still declining to comment in any detail, this is largely because the fear that public statements at this stage could inflame Icelandic public opinion again.

There have been two main developments which suggest that a settlement could be near. One is that, until last night's attempted warp-casting, there had been no incidents between British ships and Icelandic coastguard vessels for more than two weeks. (Indeed, when two British trawlers collided, the Icelanders offered help.)

This is in spite of the recent British move to new waters off the east coast, where the catch has significantly improved, though it remains within Britain's self-imposed limit of 35,000 tonnes of cod a year.

The Foreign Office had no comment on last night's incident. In terms of Icelandic politics, one explanation could be that the incidents were inspired by Icelanders opposed



Mr. Hattersley: in Oslo

to a settlement. The Icelandic Cabinet is meeting today to discuss the whole cod war question.

The second — and perhaps more significant development — is that Iceland has given no indications that it will terminate its agreement with West Germany, despite the fact that it would be free to do so next week.

The German agreement was signed six months ago, but contained a clause saying that it could be ended on April 28 if Protocol 6 of the 1972 EEC-Free Trade Agreement had still not entered into force.

Protocol 6 contains tariffs on European Community imports of Icelandic fish and fish products which are at present being levied at rates of between 3 and 18 per cent. It can go into force only when Iceland is not in dispute with any member of the Community.

The fact that Ireland does not appear ready to terminate the German agreement suggests that it is keen to have Protocol 6 implemented. This in turn depends on a settlement with Britain.

Britain and West Germany have thus been working closely together in recent weeks to put this point across. It is also likely that the British Government has let it be known that it would be prepared to accept a much more modest agreement than it had previously pressed for.

### Offer withdrawn

The agreement, which expired last November was for an annual British catch of 130,000 tonnes. In negotiations on a new agreement Britain lowered its demand to less than 100,000 tonnes, but the Icelanders never went above 65,000 tonnes—and even that offer was subsequently withdrawn.

The question could now be settled by not naming any specific tonnage figure and Britain may well accept an agreement that runs only until the end of this year. By that time the outcome of the Law of the Sea Conference is a general move to 200-mile limits should be clear.

Mr. Hattersley is unlikely to make any statement when he returns from his talks in Oslo today but will probably make some public statement on or before April 28.

## Strike by craftsmen halts Ebbw Vale tinplate works

BY IAN HARGREAVES, LABOUR STAFF

**A STRIKE** by about 900 craftsmen has halted production at the British Steel Corporation's tinplate plant at Ebbw Vale, South Wales.

The men, all members of the Amalgamated Union of Engineering Workers, stopped work on Tuesday afternoon. It has taken two days for the withdrawal of their vital maintenance service to bring production to a standstill.

The plant produces almost one-third of Britain's tinplate and has a labour force of 6,700. Lay-offs are expected to start at the weekend if a mass meeting of the strikers, called for tomorrow morning, does not agree on a return to work.

A spokesman for the strikers said last night that they had walked out because the corporation had refused to pay them for

a night shift on Easter Monday, brunt of the cuts but, says the foreman had failed to turn up, corporation resistance has been confined to the AUEW men now management was unable to find a replacement.

But the corporation blamed the dispute on disagreement at plant level over implementing economies agreed in January with the TUC Steel Industry Consultative Committee.

In a statement it claimed that on Easter Monday the men refused to work to instructions left for them or under the supervision of an employer called in later to take charge. They were told that if they did not work, they would not be paid.

BSC says that economies on overtime and redundancy levels, in the process of implementation at Ebbw Vale over a two-year period, had had only a minimal impact on the strikers. Production workers have borne the

Vale stems from loss of earnings on weekend premiums of this kind. Some men in South Wales have lost as much as £10 a week because of the cuts.

The 900 men have agreed to provide safety cover during the strike.

January's agreement between the BSC and the steel unions, was the third attempt at a compromise on manning levels, with a year. Although details of the cuts were left for negotiation at plant level, BSC was aiming to reduce the workforce by 40,000 over the next two years.

One major concession by the unions was to continue, but unrest over reduced earnings by employees operate as part of their basic 40-hour week, he worked only if justified by the order book. But again, implementation was to be agreed at plant level.

It appears that the dissatisfaction of the AUEW men at Ebbw

## Peace formula in Mini lorry drivers' dispute

BY PETER CARTWRIGHT

**A FORMULA** for a return to work by the 32 Rubery Owen lorry drivers whose strike has already halted Mini production at British Leyland and made 3,000 idle there and at Jaguar, will be put to the strikers this morning.

The formula was devised at a three-hour meeting yesterday between management and shop stewards arranged after Mr. Brian Matthers, regional secretary of the Transport and General Workers' Union, which stopped yesterday at the Longbridge, Birmingham, plant, intervened to urge the drivers to with 1,000 now idle.

He said: "We are extremely conscious that the dispute is affecting many thousands of our front axle beams from Darlaston, members in the motor industry, and of how precarious British Leyland's situation is."

The lay-offs started this week just as Leyland Cars was beginning to recover from a series of internal pay strikes mainly by toolmakers, which cost the division more than 17,000 car workers in the showroom. And on the last dispute, go-slow at the Triumph car plant at Coventry, go-slow yesterday.

Rubery Owen's factory at Darlaston is a key supplier of components, including subframes, axles and petrol tanks. Their action was a protest against the inability of management to honour a pledge to bring forward a pay review by three months to April 1 if productivity was increased by 10 per cent. Some of the drivers were laid

off last week for two days because there was insufficient work for all of them as a result of a shopfloor overtime ban. They refused to accept the lay-offs and this week went on strike.

A decision by the drivers today to end their strike would almost certainly prevent lay-offs from rising well beyond the 3,000 reached yesterday. Rubery Owen is the sole supplier of sub-frames for the Mini, all production of which stopped yesterday at the Longbridge, Birmingham, plant, with 1,000 now idle.

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